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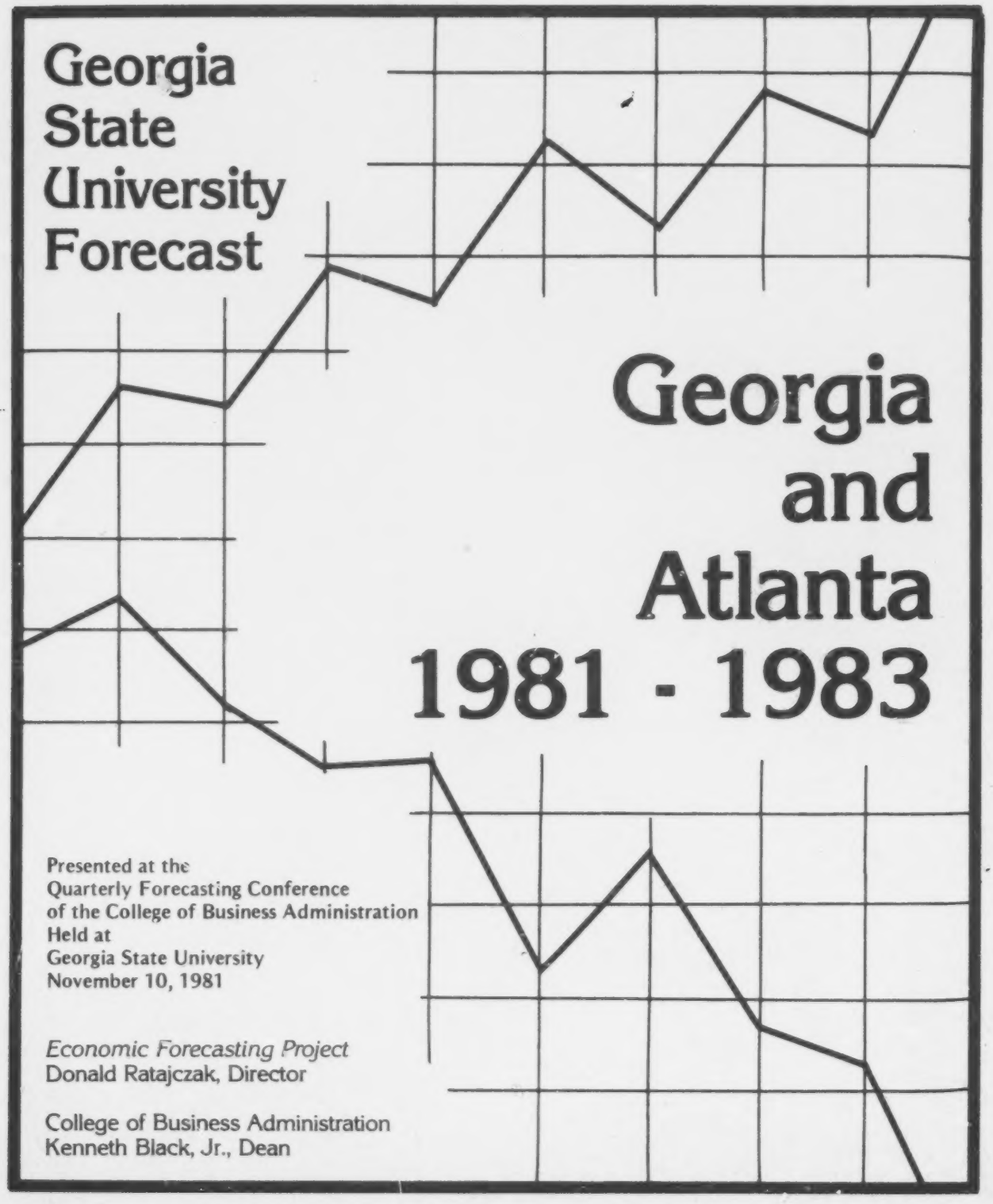

Georgia and Atlanta 1981 - 1983

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Economic Forecasting Project
Donald Ratajczak, Director

College of Business Administration
Kenneth Black, Jr., Dean

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GEORGIA ECONOMY IS FALLING INTO RECESSION

Dr. Donald Ratajczak, Director
Economic Forecasting Project
Georgia State University

Recent Activity

Following months of conflicting signals, the Georgia indicators clearly show that economic activity in Georgia has entered a recession in September. In that month every coincident indicator showed economic weakness as the entire index fell nearly 0.2%. Normally, weakness in the coincident indicators for a single month would not be viewed as dictating the beginning of recesssion. Activity in Georgia had been slowing throughout the summer, however, and Georgia's leading indicators dropped sharply in July and then fell even more steeply in September. Indeed, the decline in September was larger than any monthly drop since 1975. Therefore, the dramatic decline in the leading indicators is accompanied by a drop in the coincident indicators. The index of hours worked fell at a 2% annual rate during the third quarter while payroll employment, as measured on the seasonally adjusted basis in Table 5, also showed declines. Combined, this evidence clearly suggests recesssion.

This developing weakness in Georgia contrasts with more optimistic expectations only three months ago. Of course, actual deterioration in economic statistics has contributed most to the reversal in anticipations, but continued weakness in interest-sensitive areas and developing weakness in the capital goods industries have reinforced the cumulative weakness. As the ratio of leading to coincident indicators is continuing to decline sharply, recessionary forces should continue to intensify for several more months. Indeed, declines in the leading indicators during the third quarter are consistent with declines in economic activity in excess of 7% in the months ahead.

Economic weakness is not expected to be as large as the indicators suggest primarily because recently enacted tax changes should bolster consumer activity and restrain the degree of decline in investment expenditures. Moreover, the seemingly unrelenting decline in construction activity should slowly vanish in the months ahead. This anticipation is not based on sharply improving credit market conditions, for interest rates are expected to remain distressingly high. We do not currently anticipate that mortgage rates will fall noticeably below 15% in 1982. However, a floor in housing activity should be reached sometime early in 1982.

A closer look at Georgia's coincident indicators shows no significant areas of economic strength at the end of the summer. Following four months of improving conditions, farm receipts turned lower in September. Weakness was especially noticeable in the corporate sector, where corporate tax accruals declined almost 12% late in the quarter. Adjusted unemployment claims surged by more than 14% in September alone. The financial variables also showed weakness, although their degree of decline was much less than that of most other measures. In the third quarter, the important index of hours worked declined at a 2.0% annual rate. For the quarter, economic activity in Georgia expanded 3.1% at annual rates. This suggests either that productivity advanced sharply in Georgia, in contrast to a significant decline nationwide, or that employment is

being underestimated in the third quarter after being overstated during the winter. During the last year economic activity in Georgia has increased more rapidly than nationwide, expanding about 0.6 percentage points more rapidly than in the nation. However, developing economic weakness during the fourth quarter could approach the magnitude of anticipated economic weakness in the U.S.

While the coincident indicators are showing that the Georgia economy no longer is doing very well, the leading indicators strongly suggest that conditions will get even worse. Not only were all eight leading indicators showing economic weakness, but four different sectors contributed unusually sharp measures of weakness to the index. The greatest area of weakness was registered by initial unemployment claims, which jumped an adjusted 52% in September. Of course, mortgages outstanding plummeted 2.3% after adjustment, although some mortgages may have been delayed in processing until after the All Savers program was instituted. (According to that program, 75% of all All Savers deposits must go to mortgage or agricultural loans). The loss of savings capital also was significant in Georgia, although the performance of the Georgia savings and loans was not remarkably worse than those in other parts of the country. The workweek also dropped sharply, but some of this weakness may have been caused by the coincidence of the Labor Day holiday with the reference week used to measure employment conditions. Thus, some distortions may have been created in the statistics on mortgages and the workweek, but the degree of measurement error could not have been sufficient to reverse the sign on these indicators. Smaller areas of weakness were reported for consumer activity, nonresidential construction contracts, adjusted government revenues, and the layoff rate.

A marked slowing already was apparent in Georgia's economy in the second quarter. Non-farm personal income in Georgia for that quarter showed an increase of only 1.5% versus 2.0% in the United States. While inflation in Georgia definitely has slowed relative to the United States in recent months, this differential growth in personal income is wider than can be explained by differences in inflationary pressures. Of course, Georgia had experienced several quarters of performance better than the United States before this slowing developed in the second quarter of 1981. According to earnings by industry, weakness was more substantial in Georgia than nationwide in construction, where earnings fell 5% in the quarter; retail trade, where earnings fell 1.1% in the quarter; in military, where earnings fell 2.6%; and in services, where earnings trailed gains recorded nationwide by a full percentage point. Significantly better performance than nationwide was recorded only in federal employment, where a 4.9% gain in earnings contrasted with only a 1.1% expansion nationwide.

Our seasonally adjusted estimates of payroll employment in Table 5 suggest that further erosion in personal income growth in Georgia relative to the U.S. may have developed over the summer. That series shows a decline of 0.2% at annual rates for payrolls in Georgia during the same period that payrolls nationwide were expanded at an annual rate of 1.5%.

Slower than national growth in personal income during the second quarter has not slowed consumer activity in the four major metropolitan areas in Georgia relative to the United States. In the first eight months of 1981, department store sales nationwide grew 11% from previous year levels. Sales in Atlanta slowed marginally relative to nationwide showing only a 10% increase over the same period last year. In Augusta, however, performance improved to the national level, while the 12% increase in Macon continued to reflect a percentage point advantage over the nation. Savannah continued to show a 15% increase

from previous year levels, but the gap between Savannah and the nation narrowed slightly. Taxable sales showed a sharp slowing during the second quarter to a 9.2% gain from gains of 12.7% and 12.2% during the previous two quarters. The department store figures suggest that no further slowing in taxable sales developed during the summer months.

The insured unemployement rate in Georgia increased to 2.4% during September. Nationwide, the insured unemployment rate also creeped up to nearly 4.0%. Unemployment rates do not show the developing weakness in the Georgia economy as Atlanta's insured unemployment rate remained at 1.5%. The seasonally unadjusted unemployment rate for the nation increased from 7.2 to 7.7% between August and September. At the same time, unemployment increased from 6.0% to 6.1% in Georgia. In Atlanta, the unemployment rate stayed at 5.5% but it rose in Savannah from 5.5% to 6.1%. Unemployment rose slightly in Macon to 6.0%. Augusta also experienced a slight increase to 6.4%. Albany continued to registered a 7.6% unemployment rate, while Columbus experienced a sharp increase to 8.4% from 7.6% in the previous month. All metropolitan areas except Columbus showed significant improvement in the unemployment rate from previous year levels with the largest improvements occurring in Albany, Savannah, and Augusta.

The gap between inflation in Atlanta and nationwide continued to narrow in August. At that time, the Atlanta CPI was 12.0% above previous year levels. This compared to 10.9% for the nation. However, prices did increase 2.6% in Atlanta in the two months between June and August while increasing only 1.9% nationwide. The largest contribution to this discrepancy appears to be home ownership, where housing prices in Atlanta outstripped price changes nationwide. On the other hand, rental rates in Atlanta slowed relative to the national average. Thus, the pricing picture shows a mixed pattern of housing pressures in Atlanta at the present time. Food prices in Atlanta appear to mirror national conditions except in fruits and vegetables (6.8% gain in Atlanta versus 10.7% nationwide), restaurants, (10.7% in Atlanta versus 9% nationwide), and alcoholic beverages (4.2% in Atlanta versus 6.7% nationwide). Prices for transportation, medical care, entertainment, and personal care all rose more slowly in Atlanta than nationwide during the last year. On the other hand, apparel prices were up much more significantly in all categories except footwear. The mixed pattern in Atlanta's housing inflation suggests that the percentage point more rapid than national change in Atlanta prices may persist well into 1982. As the CPI in the nation now is expected to grow 10% in the twelve months of 1981, this suggests that the Atlanta CPI will be 11% higher than the previous year by December. In 1982 the CPI nationwide is expected to grow 7%, suggesting that prices in Georgia may grow close to 8% for the twelve months in 1982.

The mortgage lending statistics for September were based upon so few housing transactions that the Atlanta figures appear to be distorted. In August, the average home financed by savings and loan associations in Atlanta cost $108,000. This compares with an average home of $79,000 nationwide. On the other hand, prices nationwide have decreased 1.3% in the last year. Mortgages closed in Atlanta in August were at an affective rate of 15.14%, 3.07 percentage points above previous year levels. Nationwide, the closing affective rate was 15.45% or 3.18 percentage points above previous year levels. Both the level and rate of change suggest that housing activity is less robust in Atlanta than nationwide. Mortgage lending institutions currently are quoting mortgage rates above 18%. While the FHA and VA financing rates have been reduced to 16.5%, the cost of funds at mortgage lending institutions continues to rise. The All Savers certificate thus far has not significantly reduced the total cost

of acquiring funds. Of course, recent dramatic decreases in short-term interest rates may cause the cost of funds to peak early in the fall. While mortgage rates may move down to the government supported rates by the end of 1981, they are not expected to fall significantly below 15% in 1982.

Despite stronger savings flows in Georgia than in other parts of the United States, mortgage activity has been extremely sluggish in the state. Savings capital for all Georgia savings and loan associations increased 0.1% in the last three months. While this gain was not significant, it greatly exceeded the decline of 0.6% in the southeast and of 0.9% nationwide. Despite this better performance in savings capital, mortgages outstanding in Georgia showed no growth during the summer. Both nationwide and in the southeast mortgages outstanding expanded 1.1%. Moreover, mortgage commitments show that sluggish growth in mortgages will continue to be a factor in the Georgia market. While commitments were declining 10.3% nationwide and 10.6% in the southeast, commitments showed a decline of 23.2% in Georgia. Of course, the adjusted estimates of savings capital and mortgages outstanding for Georgia in our leading indicators show significant decline in September. According to these balance sheet figures, the low point in residential construction activity still has not been reached in Georgia.

During the third quarter tax collections in Georgia held their own with national totals. Sales tax receipts in Georgia grew 9.8%. This compared with gains of 9%, 11.3%, 10.0%, and 10.2% in previous quarters. Nationwide, sales tax receipts were expanding much more robustly. In the third quarter, sales tax receipts for all state and local governments expanded 13.1%. This compares with gains of 14.1% in the spring and 13.9%, 9.3%, and 7.2% in previous quarters. Consumer activity clearly has been much more volatile nationwide with more near term strength than has been the case in Georgia. Income tax collections also have been more consistent in Georgia than nationwide. In the last quarter tax collections were 17.6% above previous year levels. This compares with gains of 18.9%, 23.8%, and 17.2% in the last year. Comparable figures nationwide are 14.8%, 17.0%, 20.6%, and 19.1%. Although the leading indicators clearly show that adjusted corporate accruals are now falling sharply in Georgia, they continue to outpace national averages during the third quarter. In that quarter, corporate tax accruals increased 1.9%. This was down from 8.0% in the spring but is not significantly different from gains of 5.5%, 5.2%, and 4.5% in previous quarters. Nationwide, estimated corporate tax accruals turned negative, showing a 1.7% decline after an increase of 9.4% in the second quarter. In previous quarters corporate profits showed declines from previous year levels of 4.4%, 2.3%, and 10.7%. However, we would expect that corporate tax accruals would turn negative in the next quarter.

Total tax revenues in Georgia have continued to maintain their growth rates of recent quarters. In the summer revenues increased 11.1%. This compares with 11.5%, 12.5%, 10.3%, and 8.9% in previous quarters. Unfortunately, revenue growth almost certainly will be slowing in the next few quarters and, as a result, revenues may grow as slowly as 9.0% in the next fiscal year. In the year following that, preliminary projections of revenues reveal expansion at a 10.5% rate.

According to the seasonally adjusted employment figures in Table 5, the weakness in employment that developed during the spring was contained through most of the summer. However, preliminary figures for September show that employment once again has begun to trend downward. In goods production, weakness was apparent by the end of the third quarter only in construction,

building materials, and transportation equipment. Indeed, growth continued in electrical machinery and primary metals and modest growth also was experienced by most nondurable goods industries, with the exception of textiles. The paper and apparel industries showed little evidence of economic weakness while chemicals recovered from a slight downturn in the second quarter. Thus, the traditional weakness in goods production is not yet evident in the seasonally adjusted data.

Unfortunately, some weakness already is apparent in the service industries. The transportation sector showed modest decline, possibly reflecting problems associated with the air controllers strike. However, declines were more pervasive in wholesale and retail trade. The depressed real estate industry restrained growth in the financial group, while concern for budgetary needs restricted growth of employment in state and local governments. Only private services showed any significant expansion.

Now that the leading indicators are weakening noticeably, significant employment weakness should develop in the goods producing industries. On the other hand, it is difficult to see how much further trade activity could collapse, especially as reduced taxes should encourage consumer spending increases in the months ahead.

Summary of Outlook

Once again the employment outlook has been revised downward for Georgia in 1981. More significantly, recovery from this period of weakness has not been accelerated in 1982. Only in 1983 will significant employment growth resume for most industries in Georgia. As Table 1 shows, the decline in construction activity is expected to run its course early in 1982. Expansion during the remainder of that year should only regain average levels prevailing this year. In 1983 however, significant expansion should be expected. Some of the employment gains registered by durable manufacturing earlier in 1981 should be preserved, although developing weakness in fabricated metals and nonelectrical machinery could generate weakness in those sectors for much of 1982. Weakness in the automobile industry is continuing to be offset by strength in other segments of the transportation equipment industry. When auto sales turn around in 1982, employment expansion is anticipated. Moreover, the Atlanta auto assembly plants are not suffering the same degree of production disruption as other plants in the auto industry. In nondurable manufacturing, employment opportunities remain bleak in food processing and textiles industries with some recovery expected in both industries during the latter part of 1982. In general, inventories in nondurable goods industries are relatively modest. Any unforseen inventory corrections would be in durable manufacturing and might be reflected in lower employment growth in the metals and machinery industries during 1982 than is currently contemplated.

In the service industries employment weakness is most intense in retail trade. While employment statistics notoriously understate this category, alternative information strongly suggests that consolidation is developing in retail trade at the present time. More normal growth is expected in the trade sector during 1982 and beyond. Employment prospects for state and local governments also have been reduced to reflect the difficult budgetary conditions that will prevail for all governments in the next few years.

Despite employment conditions that are lower than had been anticipated three months ago, personal income in Georgia is expected to grow more rapidly than in

the previous forecast. The major reason for this more rapid growth is an upward revision in earnings from property income. This in turn, reflects dramatic increases in interest income. These increases are not expected to be extensive in 1982 and beyond. As a result, personal income growth slows even as employment opportunities accelerate. Moreover, reduced inflationary pressures are expected to moderate the growth in wage demands and the recently announced moderation in wage increases for state employees also is reflected in the 1982 personal income projections. Despite the lower personal income figures in 1982 and 1983, purchasing power will be greater in both of those years than in 1981. For example, consumer prices should be growing about four percentage points more slowly in 1982 than in 1981. Also, tax rates will be lower in both 1982 and 1983 than in 1981. Therefore, the moderate expansion in personal income reflects about a 3 percentage point stronger gain in consumer purchasing than the apparently more robust figures for 1981.

The Georgia outlook currently is not good. After a modest recovery from a mild recession the Georgia indicators clearly suggest that another recession is beginning in Georgia. Moreover, some figures suggest that this recession may be more significant in Georgia than the 1980 downturn. Construction and retail trade already are experiencing recessionary conditions and decreases in durable manufacturing also should develop in the next few months. Lesser weakness is expected in the nondurable manufacturing sector. Recovery is expected to begin by mid-1982 but economic expansion will not be robust at that time.

Atlanta's Outlook Is Slightly Better Than Georgia's In The Next Two Years

Atlanta has suffered more contraction in construction than the next of the state or the nation. It also has experienced a slower recovery in manufacturing activity than the state. Nevertheless, employment gains in Atlanta have been more robust than in the state. This primarily is the result of stronger gains in transportation services, in finance, and in private services in Atlanta than elsewhere in the state. Employment in wholesale trade also has been stronger than statewide. Certainly the unemployment rate remains the lowest of all metropolitan areas in the state, and even the insured unemployment rate remains well below that for the state.

Despite the more favorable unemployment conditions, Table 5 shows that employment opportunities eroded more rapidly in Atlanta than in Georgia during the summer months. However, little further weakness was observed in the preliminary data for September. Construction continues to be the area of greatest weakness. Employment declines during the third quarter exceeded 8%. Weakness also was apparent in transportation equipment. Building materials weakened in the third quarter, but showed little tendency to decline further at the end of the quarter. The metals industries have shown surprising strength, but weakness is expected to develop even here during the fourth quarter. The machinery industries currently are showing little direction, but are expected to decline modestly late in 1981 and early in 1982.

In nondurable manufacturing Atlanta actually has experienced some strength late in the summer months. Most of these gains have been in the paper, printing, and chemical industries. Indeed, the paper industry is showing remarkable strength in the face of significant weakness in other parts of the economy.

The effects of the controller's strike and the weakness in retail sales are clearly seen in the employment statistics for the third quarter. As in the

state, growth in the services industry has been most significant for private services. However, surprising expansion has developed for federal employment, but given the current posture of the administration, this expansion in federal employees is not expected to persist.

The Coldwell Banker office vacancy index increased to 12.3% in September from 11.6% in June. While other cities experienced more rapid increases, no other cities has such a high concentration of vacant office space as Atlanta. In our previous analysis, we noted that some leases were not yet released as personel moved to the Southern Bell building. When those leases were released, a significant increase in office vacancies was anticipated. The Coldwell Banker figures suggest that just such an event has occurred. It should be emphasized that current office vacancy figures suggest that excess office space is developing not only in the downtown area but also in the suburbs. In the next three years new office space may exceed absorption rates by as much as 4 million square feet. While these figures are not as dramatic as 1975, they are cause for some concern.

Fortunately, industrial vacancies in Atlanta no longer are a serious problem. The Coldwell Banker index shows a decrease from 3% in June to 2.3% in September. The Adams Cates index showed that available warehouse space declined from a peak of 8.8 million square feet in August to 8.5 million square feet in September. While these data are not truly comparable, they suggest that current building activity is slightly below absorption rates at the present time. On the other hand, evidence suggests that inventory accumulation is exceeding desired levels. Thus, warehouse space may be utilized in an effort to store undesired inventory and to that extent, the warehouse absorption rate may be unsustainably high at the present time.

Taxable sales in metropolitan Atlanta plunged relative to statewide performance during the spring, falling significantly below Georgia performance for the first time since 1976. In Atlanta the gain from previous year levels was only 7.7% as compared to 9.2% statewide. Counties falling to single digit rates of expansion include Cobb (9.5%), Dekalb (8.1%), Fulton (7.6%), and the lesser counties of Henry, Newton, Paulding, and Forsyth. Only Clayton (12.5%), Gwinnett (17.0%), and Rockdale (19.0%) were able to maintain respectable performances during the quarter. The cause of this collapse in consumer activity in the Metro-Atlanta area is not readily apparent. Retail activity normally responds to changing economic conditions, rather than leading them. The reluctance of Atlanta consumers to spend did not help the savings capital of mortgage lending institutions in Atlanta as savings capital declined 0.1% in the last three months. This led to declines in mortgages outstanding of 0.2% and in mortgage commitments of 19% over the same period. In general, this performance conforms closely with that experienced by savings and loan institutions throughout the state.

In the summer the housing collapse became very real. Single family permits declined 50.6% to 2233. A combination of multiple family and condo units declined 58.4% to 599 units. Most of these units were accounted for by 436 condominiums during September in Atlanta, Cobb, and Dekalb Counties. Total housing permits fell to 2,832 from 6,805 in the previous summer, a 58.4% decline. The September figures showed little of sign relief except in the condominium market. In that month, single family permits declined 64.2% from previous year levels. Because of the surge in condominiums, the combination of multiple and condo units declined only 33.2% from September 1980. Nationwide, single family permits during the summer were off 24.8%. As permits nationwide declined 36.2%,

the construction slump has become much more severe in Atlanta than in the country.

No metro county was spared the collapse in residential permit activity. Cobb county regained the single family permit lead by collapsing only to 598 permits from 1154 a year ago. Multi-family activity also declined to 224 from 671 in the summer of 1980. Nevertheless, these figures were better than in Gwinnett, were single family permits fell to 568 from 1292 a year ago and multi-family permits declined to 114 from 614 in 1980. DeKalb actually experienced an acceleration in multi-family units as a result of significant condominium activity in September. Multi-family permits expanded to 200 from 187 in 1980, but single family permits declined to 294 from 610 a year ago.

Condominiums also were a factor in restraining the decline in multi-family permits in Fulton county. During the summer permits decline to 433 from 708 a year ago. Single family permits declined to 200 from 388 in 1980. The housing bust was most dramatic in Clayton, were permits fell to 80 from 264 a year ago. By contrast, Cherokee tried to maintain some semblance of housing market with single family permits declining only to 151 from 247 in 1980. Multiple units declined from 20 in 1980 to 12 this summer. Henry county's all single family permits fall to 73 from 138 in 1980 although it did have 4 multi-family units. In Rockdale single family permits declined to 60 from 128 a year ago. Multi-family units were 4 versus 96 in 1980. In Forsyth single family permits fell to 59 from 115 a year ago while two multi-family units also were permitted.

The following table shows current anticipations of single and multi-family permits for the leading counties of the metro area:

	1980		1981		1982	
County	single	multi	single	multi	single	multi
Cherokee	708	22	665	25	730	30
Clayton	947	0	575	0	600	0
Cobb	3298	1005	2560	1250	2850	1400
DeKalb	1823	1100	1325	800	1550	1000
Forsyth	316	0	285	2	325	0
Fulton	1682	1861	1600	1850	1700	2000
Gwinnett	4017	1290	3000	1300	3450	1200
Henry	371	0	350	4	400	0
Rockdale	404	126	300	0	350	20

(Totals include estimates from Woodstock, Lawrenceville, Snellville, Roswell and include only that areas covered by the Home Builder's Association of Metro Atlanta.)

As the above totals show, recovery in the contract construction industry will not be significant in 1982. Significant growth, however is anticipated in

1983. Similarly, manufacturing employment in 1982 should not be exhibiting dramatic gains except in the building materials industries (this reflects the movement of Georgia Pacific into the area). Strong gains are expected in transportation equipment, however, in 1983. As a result of this outlook, ecoomic conditions during the first half of 1982 are expected to be very sluggish. Growth will commence in the second half of the year while more vigorous rates of expansion are anticipated in 1983 in all areas of employment except federal employees.

It should also be noted that the slowdown in employment opportunities appears to have reduced population growth in Atlanta as reflected by the bottom line in Table 4. This also indicates that rapid recovery from the current construction slump is not expected.

In summary, Atlanta will feel the same recessionary pressures as the state. A collapse in retail trade activity is already being reflected in declining employment opportunities. Construction will remain depressed well in 1982 and commerical construction may become depressed in 82 and beyond. On the other hand, manufacturing activity appears healthier than in the rest of the state or other parts of the country. When the economy begins to grow again, Atlanta should be able to take advantage of the improving economic climate to regain at a more rapid than normal rate of growth.

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Economic Forecasting Project
November 1981

Table 1 Georgia Wage & Salary Employment for 1980 With Forecasts for 1981 to 1983

	1980	1981	1982	1983	79-80	80-81	81-82	82-83
Industry								
Mining	7.7	7.7	7.7	7.7	0.0	0.0	0.0	0.0
Contract Construction	103.1	98.5	99.7	105.3	-0.5	-4.5	1.2	5.6
Manufacturing	516.1	517.1	523.5	537.5	-2.4	0.2	1.2	2.7
Durables	181.6	184.1	186.4	193.5	-1.8	1.4	1.2	3.8
Lumber	29.0	29.2	29.4	30.5	-5.2	0.7	0.7	3.7
Furniture	9.3	9.5	9.6	9.8	-7.5	2.5	1.1	2.1
Stone, Clay, Glass	18.2	18.3	18.5	19.0	-0.5	0.6	1.1	2.7
Primary Metals	16.4	16.8	17.0	17.3	-1.2	2.6	1.2	1.8
Fabricated Metals	20.7	20.6	20.8	21.2	-1.9	-0.5	1.0	1.9
Nonelectrical Machinery	22.4	22.3	22.3	23.1	1.8	-0.4	0.0	3.6
Electrical Machinery	20.1	21.3	21.7	22.6	3.6	6.0	1.9	4.1
Transportation Equipment	34.2	34.3	34.9	37.2	-3.2	0.3	1.7	6.6
Other Durables	11.2	11.8	12.2	12.8	-4.5	5.4	3.4	4.9
Nondurables	334.6	333.0	337.1	344.0	-2.7	-0.5	1.2	2.0
Food	58.5	58.0	58.9	59.5	1.4	-0.9	1.6	1.0
Textiles	116.3	113.2	113.6	116.2	-6.4	-2.6	0.4	2.3
Apparel	72.4	72.5	73.2	74.3	-1.8	0.2	1.0	1.5
Paper	28.5	29.0	29.7	30.5	1.8	2.0	2.4	2.7
Printing	23.1	23.3	23.6	24.2	1.3	0.9	1.3	2.5
Chemicals	16.7	17.0	17.5	18.1	0.6	2.0	2.9	3.4
Leather	2.4	2.5	2.6	2.6	-4.2	4.2	4.0	0.0
Other Nondurables	16.8	17.5	18.0	18.6	-10.7	4.2	2.9	3.3
Transportation, Comm. & Utilities	138.1	140.2	142.6	146.1	1.5	1.5	1.7	2.5
Trade	495.1	489.0	498.4	510.7	0.0	-1.2	1.9	2.5
Wholesale	157.3	157.5	159.9	163.4	0.8	0.1	1.5	2.2
Retail	337.8	331.5	338.5	347.3	-0.4	-1.9	2.1	2.6
Finance, Ins. & Real Estate	111.6	113.9	115.2	118.5	2.7	2.0	1.1	2.9
Services	343.8	356.9	367.3	380.5	4.4	3.8	2.9	3.6
Government	430.9	436.7	441.1	446.6	2.9	1.3	1.0	1.2
Federal	86.2	88.0	88.6	88.1	3.5	2.1	0.7	-0.6
State & Local	344.7	348.7	352.5	358.5	2.8	1.2	1.1	1.7
Total Wage & Salary Employment	2146.4	2160.0	2195.5	2252.9	0.9	0.6	1.6	2.6

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Table 2 Georgia Personal Income for 1980 with Forecasts for 1981-1983
(Millions of Dollars)

	1980	1981	1982	1983	79-80	80-81	81-82	82-83
Wage & Salary Income	28988	32178	35680	39400	9.6	11.0	10.9	10.4
Other Labor Income	2917	3334	3801	4322	17.2	14.3	14.0	13.7
Proprietors' Income	2429	2522	2679	3077	-6.5	3.8	6.2	14.9
Farm	391	435	486	668	-41.8	11.3	11.7	37.4
Nonfarm	2038	2087	2193	2409	5.8	2.4	5.1	9.8
Labor & Proprietors' Income:								
Farm	598	658	729	935	-30.8	10.0	10.8	28.3
Mining	145	162	179	197	9.8	11.7	10.6	10.2
Contract Construction	1824	1926	2146	2452	10.1	5.6	11.4	14.3
Manufacturing	8105	9069	10060	11332	8.2	11.9	10.9	12.6
Durables	3364	3843	4285	4893	10.7	14.2	11.5	14.2
Nondurables	4741	5226	5775	6439	6.5	10.2	10.5	11.5
Transportation & Utilities	3452	3884	4346	4889	13.3	12.5	11.9	12.5
Trade	6696	7301	8097	9020	9.6	9.0	10.9	11.4
Wholesale	3187	3508	3883	4338	10.8	10.1	10.7	11.7
Retail	3509	3793	4214	4682	8.6	8.1	11.1	11.1
Finance, Ins. & Real Estate	2050	2279	2509	2798	13.3	11.2	10.1	11.5
Services	5175	5814	6494	7280	12.8	12.3	11.7	12.1
Other Industries	115	121	128	140	2.7	5.2	5.8	9.4
Government	6175	6820	7472	8150	7.5	10.4	9.6	9.1
Federal Civilian	1639	1875	2027	2167	5.1	14.4	8.1	6.9
Federal Military	904	1014	1215	1343	12.6	12.2	19.9	10.5
State & Local	3633	3931	4230	4640	7.5	8.2	7.6	9.7
Property Income	5036	5863	6578	7559	17.7	16.4	13.9	13.2
State U.I. Benefits	190	155	173	142	48.4	-18.4	11.6	-17.9
Other Transfers	5654	6567	7263	7946	16.7	16.1	10.6	9.4
Less: Social Ins. Contributions	1879	2217	2557	2900	11.7	18.0	15.3	13.4
Residence Adjustment	-94	-111	-122	-135	-	-	-	-
Total Personal Income	43241	48291	53595	59411	10.8	11.7	11.0	10.9
Nonfarm Personal Income	42643	47633	52866	58476	11.7	11.7	11.0	10.6
% of U.S. Nonfarm	2.03	2.06	2.08	2.08	-	-	-	-

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Table 3 Atlanta SMSA Wage and Salary Employment for 1980 with Forecasts for 1981-1983

	1980	1981	1982	1983	79-80	80-81	81-82	82-83
Industry								
Contract Construction	45.2	41.2	41.5	44.6	3.9	-8.7	0.7	7.5
Manufacturing	142.5	141.9	146.0	154.4	-0.9	-0.4	2.9	5.8
Durables	71.2	71.2	73.2	79.3	-0.6	0.0	2.8	8.3
Lumber	3.1	2.9	3.4	3.6	-12.9	-6.5	17.2	5.9
Furniture	3.4	3.4	3.5	3.7	-11.8	0.0	2.9	5.7
Stone, Clay, Glass	7.6	7.9	7.8	8.3	4.1	3.9	-1.3	6.4
Primary Metals	5.0	5.1	5.3	5.7	0.0	2.0	3.9	7.5
Fabricated Metals	7.9	7.8	8.1	8.5	-3.8	-1.3	3.8	4.9
Nonelectrical Machinery	7.4	7.4	7.3	7.7	7.2	0.0	-1.4	5.5
Electrical Machinery	10.3	10.7	11.1	11.9	9.6	3.9	3.7	7.2
Transportation Equipment	23.0	22.5	23.2	26.1	-4.8	-2.2	3.1	12.5
Other Durables	3.5	3.5	3.5	3.8	0.0	0.0	0.0	8.6
Nondurables	71.3	70.7	72.8	75.1	-1.3	-0.8	3.0	3.2
Food	18.5	17.8	18.2	18.6	-4.3	-3.6	2.2	2.2
Textiles	6.9	5.8	6.0	6.3	-5.8	-15.6	3.4	5.0
Apparel	9.6	9.5	9.8	10.1	-2.1	-1.0	3.2	3.1
Paper	8.1	8.6	8.9	9.2	3.8	6.5	3.5	3.4
Printing	15.4	15.7	16.1	16.5	2.7	2.1	2.5	2.5
Chemicals	7.1	7.2	7.4	7.7	0.0	1.4	2.8	4.1
Other Nondurables	5.7	6.1	6.4	6.7	-3.5	7.0	4.9	4.7
Transportation	84.6	87.1	88.2	90.2	1.4	2.9	1.3	2.3
Trade	263.8	262.6	264.7	271.8	1.3	-0.5	0.8	2.7
Wholesale	102.0	103.5	103.7	105.5	2.2	1.5	0.2	1.7
Retail	161.8	159.1	161.0	166.3	0.7	-1.7	1.2	3.3
Finance, Ins. and Real Estate	67.6	69.2	70.3	73.2	4.8	2.4	1.6	4.1
Services	196.3	204.3	209.9	218.7	4.1	4.1	2.7	4.2
Government	160.2	162.1	164.1	165.3	2.6	1.2	1.2	0.7
Federal	34.2	34.5	34.9	34.3	4.3	0.9	1.2	-1.7
State & Local	126.0	127.6	129.2	131.0	2.2	1.3	1.3	1.4
Total Wage & Salary Employment	960.3	968.4	984.7	1018.2	2.1	0.8	1.7	3.4

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Table 4 Atlanta SMSA Personal Income with Estimates for 1980 and Forecasts for 1981-1983

	1980	1981	1982	1983	79-80	80-81	81-82	82-83
Wage & Salary Income*	14457	16050	17774	19995	11.1	11.0	10.7	12.5
Other Labor Income	1490	1708	1948	2215	17.5	14.6	14.1	13.7
Proprietors' Income	931	964	1012	1119	5.0	3.5	5.0	10.6
Farm	15	16	17	20	-	-	-	-
Nonfarm	916	948	995	1099	6.3	3.5	5.0	10.4
Labor & Proprietors' Income:								
Farm	25	29	32	36	-	-	-	-
Mining	15	17	18	20	-	-	-	-
Construction	922	935	1037	1205	14.5	1.4	10.9	16.2
Manufacturing	2754	3072	3465	4026	10.2	11.5	12.8	16.2
Durables	1173	1289	1448	1632	7.9	9.9	12.3	12.7
Nondurables	1581	1783	2017	2394	11.9	12.8	13.1	18.7
Transportation	2278	2595	2893	3249	13.2	13.9	11.5	12.3
Trade	4197	4622	5072	5653	11.1	10.1	9.7	11.5
Wholesale	2402	2678	2930	3258	12.2	11.5	9.4	11.2
Retail	1795	1944	2142	2395	9.7	8.3	10.2	11.8
Finance, Ins. & Real Estate	1374	1533	1696	1911	15.4	11.6	10.6	12.7
Services	3071	3458	3856	4345	12.5	12.6	11.5	12.7
Other Industries	26	27	29	31	-	-	-	-
Government	2216	2434	2636	2853	6.7	9.8	8.3	8.2
Federal Civilian	684	774	841	890	5.9	13.2	8.6	5.8
Federal Military	66	72	83	91	10.2	9.7	14.5	10.0
State & Local	1466	1588	1712	1872	6.9	8.3	7.8	9.4
Property Income	2276	2645	3018	3428	17.5	16.2	14.1	13.6
Transfer Payments	1944	2228	2457	2683	17.1	14.6	10.3	9.2
Less: Social Ins. Contributions	922	1088	1253	1448	14.1	18.0	15.2	15.6
Residence Adjustment	-516	-521	-543	-560	-	-	-	-
Total Personal Income	19660	21986	24413	27432	12.5	11.8	11.0	12.4
Nonfarm Personal Income	19635	21957	24381	27396	12.6	11.8	11.0	12.4
% of Georgia Nonfarm	46.05	46.10	46.12	46.85	-	-	-	-
Population#	2020	2045	2067	2103	1.76	1.24	1.08	1.74

*Earnings on a residence basis

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Table 5 Seasonally Adjusted Nonagricultural Employment

	Georgia						Atlanta					
	80-3	80-4	81-1	81-2	81-3	Sept.(P)	80-3	80-4	81-1	81-2	81-3	Sept (P)
Total	2137.9	2154.0	2175.4	2157.3	2156.1	2153.8	956.9	964.2	973.8	969.5	967.6	967.9
Mining	7.6	7.6	7.7	7.6	7.7	7.7	-	-	-	-	-	-
Contract Construction	101.7	103.5	104.9	97.7	96.4	96.2	44.6	44.0	44.3	42.0	39.8	38.9
Manufacturing	508.1	515.5	515.8	519.6	519.8	517.0	141.9	144.0	143.6	144.1	141.6	141.4
Durables	179.5	183.3	184.5	186.4	185.2	183.1	71.2	72.8	72.1	73.5	71.0	70.2
Lumber	28.3	28.8	29.4	29.3	29.2	29.0	3.0	3.0	2.9	2.8	2.8	3.0
Furniture	9.1	9.0	9.1	9.6	9.9	9.9	3.3	3.3	3.3	3.6	3.4	3.4
Stone, Clay, Glass	17.9	18.4	18.8	18.5	18.2	18.0	7.5	8.0	8.3	8.2	7.6	7.5
Primary Materials	16.0	16.3	16.4	16.8	17.0	17.1	4.9	4.9	4.8	5.1	5.3	5.3
Fabricated Metals	20.3	20.5	20.6	20.6	20.7	20.6	7.8	7.8	7.7	7.9	7.9	8.0
Nonelectrical Machinery	22.1	22.6	22.9	22.3	22.4	22.3	7.4	7.7	7.5	7.0	7.6	7.8
Electrical Machinery	20.0	20.3	20.8	21.2	21.7	21.6	10.4	10.4	10.7	10.7	10.8	10.7
Transportation Equipment	34.8	36.0	34.9	36.2	34.2	32.7	23.7	24.4	23.4	24.6	22.1	21.1
Other Durables	11.0	11.5	11.6	11.9	11.9	11.9	3.3	3.4	3.5	3.6	3.5	3.4
Nondurables	328.7	332.3	331.3	333.2	334.6	333.9	70.4	71.2	71.5	70.6	70.6	71.2
Food	58.4	58.7	56.3	58.3	58.6	58.7	18.1	18.2	18.0	17.9	17.7	17.7
Textiles	113.3	113.6	114.1	113.5	113.3	112.2	6.9	6.6	6.6	5.9	5.7	5.1
Apparel	72.0	72.1	72.2	72.3	72.8	72.9	9.7	9.7	9.7	9.5	9.4	9.5
Paper	28.4	28.4	28.6	28.9	29.3	29.5	8.1	8.1	8.3	8.6	8.8	8.8
Printing	22.7	23.4	23.4	23.2	23.2	23.4	15.3	15.4	15.8	15.5	15.7	15.9
Chemicals	16.5	16.7	17.1	16.9	17.2	17.1	7.0	7.3	7.2	7.1	7.1	7.3
Leather	2.4	2.4	2.3	2.5	2.5	2.6	-	-	-	-	-	-
Other Nondurables	15.2	17.1	17.3	17.6	17.7	17.5	5.4	6.0	5.9	6.1	6.2	6.3
Transportation, Comm. & Utilities	137.8	138.8	140.5	141.0	138.8	140.5	84.3	85.6	86.7	87.6	86.9	87.1
Trade	493.0	429.6	495.8	487.2	486.6	484.3	262.6	263.2	264.5	263.1	262.6	260.4
Wholesale	155.8	157.3	158.7	158.0	157.2	156.1	101.0	102.5	102.9	103.8	103.7	103.7
Retail	336.9	336.0	337.1	329.2	329.4	328.2	161.4	161.0	161.6	159.3	158.9	156.7
Finance, Ins. & Real Estate	111.5	112.6	114.6	113.8	113.4	113.5	67.9	69.1	69.8	69.4	68.8	68.9
Services	343.8	348.0	357.1	354.0	357.8	358.7	195.4	197.6	204.6	201.0	205.5	206.6
Government	434.4	435.4	439.0	436.4	435.6	435.9	160.2	160.7	160.3	162.3	162.4	164.6
Federal	86.7	85.5	86.4	88.2	88.5	88.9	35.3	33.5	32.3	34.2	35.6	37.2
State & Local	347.2	349.9	352.6	348.2	347.1	347.0	126.0	127.4	128.0	128.1	126.8	127.4

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Georgia State University Forecast

Georgia and Atlanta 1981 — 1983 Five-Year Projection for Georgia

Presented at the
Quarterly Forecasting Conference
of the
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Economic Forecasting Project
Donald Ratajczak, Director

College of Business Administration
Kenneth Black, Jr., Dean

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RECESSION CONTINUES TO ERODE EMPLOYMENT OPPORTUNITIES IN GEORGIA

Dr. Donald Ratajczak, Director
Economic Forecasting Project
Georgia State University

Data Revisions

Once again, benchmark revisions for employment in Georgia and Atlanta have led to significant increases in estimated employment for the past two years. In 1980 the benchmark revisions added 13,000 jobs. Revisions also led to a 23,500 job increase above previous anticipations for 1981. Large upward revisions occurred for contract construction, food processing, textiles, other nondurables, transportation services, retail trade, and private services. Employment was revised downward for the stone-clay group, transportation equipment, and the government sector.

In several instances the benchmark revisions significantly altered employment changes for 1981. For example, the decline in construction activity was halved from earlier estimates. Employment in retail trade apparently declined slightly rather than falling sharply as reported in earlier statistics. Also, employment in other durables fell sharply rather than rising, as originally measured. Employment in other nondurables grew sharply.

Initial estimates of employment in retail trade differed significantly from final estimates. Construction also appeared to be an area suffering from a high degree of measurement problems. Unfortunately, no consistent pattern has developed in these errors. The benchmark revisions for 1980 and 1981 do not substantially alter the employment potential of Georgia. The increase in construction is consistent with the upward revision in employment. The upward revision in retail employment for 1981 has led to a reduction in employment in that sector for 1982.

Looking Back

A year ago Georgia was expected to exhibit 1.5% employment growth as an economic recovery slowly intensified later in the year. In fact, the economic recovery started out slowly, as expected, and then died. Instead of gradually recovering into 1982, a new recession developed late in the year. Unexpectedly high interest rates clearly clouded the outlook. For example, contract construction showed 1,600 fewer jobs in 1981 than had been expected a year ago. Weak construction was also reflected in the lumber and stone-clay industries, where jobs fell 900 and 1900 below anticipations, respectively. Recessionary forces also were reflected in overestimating employment for fabricated metals, transportation equipment, and other durables. In the nondurable goods area, activity was overestimated for textiles and apparel, but this was offset by a dramatic underestimation of employment for other nondurables.

Of course, some of the errors in forecasting for 1981 were caused by faulty data. For example, employment was underestimated by 3,900 for transportation

services and 4,100 for retail services because of the benchmark revisions. However, federal employment was underestimated by 3,000 because budget reductions by President Reagan were assumed to be more significant than they proved to be. The largest forecasting surprise in 1981 was the dramatic slowing in the growth of state and local employment during the year. While some post-recessionary slowing in the growth of state and local government employment typically is observed, the slowing was especially dramatic in 1981. Perhaps the uncertainty created by Reagan initiatives has stalled the expansion of government programs at the state and local level. As that uncertainty has not been resolved, continued slow growth probably will be observed for the government sector in 1982.

Recent Activity

Georgia's leading indicators have been falling significantly since July. Unlike the leading indicators nationwide, which showed some strength in December, Georgia's indicators declined 0.7% in that month. Cumulative declines in the leading indicators strongly suggest that economic activity will intensify its downward direction in Georgia during the winter. While an economic recovery during the spring cannot be ruled out, the indicators do not yet suggest that any recovery soon will develop.

Indeed, the seasonally adjusted employment profile contained in Table 5 shows a gradually intensifying decline in employment opportunities. Employment during the fourth quarter declined at a 1.2% annual rate as compared with a 1.8% decline in payroll employment nationwide. However, Georgia employment declines in December were as sharp as in the fourth quarter. While these figures strongly suggest that recession in Georgia has not been as severe as nationwide, they also indicate that recessionary pressures are intensifying.

At the present time the coincident indicators are casting mixed measures of economic activity. If the data are accepted without adjustment, the coincident indicators suggest that economic activity in Georgia declined only at a 1% annual rate in the fourth quarter. This compares with a 5.2% annual rate of decline nationwide. However, financial variables caused the coincident indicators to rise in December. If loans and deposits were expanding as a result of increasing economic activity, this rise would be appropriate. However, the evidence strongly suggests that unanticipated short-falls in cash flow by corporations in the fourth quarter led to greater use of bank lines of credit than had been expected. As a result, corporations were forced to increase their compensating balances. This led to greater gains in deposits and loans than would normally occur for the type of economy that currently exists. Therefore, the December increase in financial variables may reflect economic weakness more than economic strength.

While the employment figures suggest that Georgia's economy will outperform the nation in the fourth quarter, the position was reversed in the third quarter according to personal income data. In that quarter nonfarm personal income in Georgia expanded 2.6% while it was growing 3.0% nationwide. At the present time inflation in Georgia and in the United States are comparable, as the Atlanta CPI expanded 9.3% as compared with an 8.9% gain for the nation. Therefore, this differential growth in personal income suggests modest differences in the growth of purchasing power. Coupled with a more sluggish expansion in personal income in Georgia during the second quarter than in the nation, slow income growth explains why consumption activity in Georgia during the spring and summer

trailed consumption nationwide. Personal income growth in Georgia was more significant than in the nation for both federal civilian and state and local government employees. Furthermore, declines in construction payrolls were less intense during the summer than in the nation. However, these favorable factors were more than offset by weak earnings growth for durable goods and for transportation services.

Department store sales suggest that the relative slowing in personal income in Georgia did not cause substantial slowing in consumer spending. During the first eleven months of 1981 department store sales nationwide grew 10% from previous year levels. Sales in the Atlanta metropolitan areas showed some relative slowing, with gains of only 8% on department store sales during the period. This was partially offset by some acceleration in department store activity in Augusta, which showed gains of 11%. Both Macon and Savannah continued their relative gains above national levels, with Macon growing 11% and Savannah growing 14%, respectively. The sharp slowing in taxable sales that developed in the second quarter was modestly reversed during the summer months, with a gain of 10.3% as compared with gains of 9.2%, 12.7%, and 12.2% during previous quarters. Overall, the taxable sales figures and the department store figures suggest a very slight acceleration in consumer activity in Georgia during the summer.

Insured unemployment rates began to show definite recessionary patterns in Georgia and Atlanta. In December, the Georgia insured unemployment rate was 3.2%, while the rate rose to 1.9% for Atlanta. While this still compares favorably with the more than 5% insured unemployment rate nationwide, a recessionary trend definitely is begining to become apparent. In November, the last month for which unemployment rates are available in Georgia, the seasonally unadjusted unemployment rate for the nation increased to 7.9%. In Georgia, the comparable rate rose to 6.7%. Atlanta continued to experience a 5.5% unemployment rate that has persisted since mid-year. In all other metropolitan areas, unemployment rates rose, with the exception of Augusta where the rate declined from 7% a year ago to 6.8% this November. Savannah also experienced a lower unemployment rate (6.3%) than in the previous year, but the rate was rising from lower levels in the fall. Unemployment in Macon rose from 6.5% in October to 6.6% in November. Unemployment in Albany also showed a modest increase from 7.6% in October to 7.7% in November. Columbus continued to show significant unemployment problems with the unemployment rate rising to 9.3% in November from 9% in October and 7.5% a year ago. As in previous modest recessions, the unemployment rate was especially substantial in the non-metropolitan areas.

Inflation in Atlanta continued to narrow relative to the nation throughout the year. By the end of 1981 the Atlanta CPI was 9.3% above previous year levels, compared to an increase of 8.9% for the nation. Between August and December the gap in inflation had narrowed from 1.1 percentage points to 0.4 percentage points. Indeed, inflation in Atlanta may trail national averages by a small amount in 1982. In the latest two month period, prices in Atlanta increased only 0.2% as compared to 0.3% for the nation. Food prices rose 0.7 percentage points more rapidly in Atlanta during the latest two months, led by surprising increases in meat prices locally. Grocery store prices in Atlanta rose a surprising 1.8% in the last two months as compared with a gain of only 0.5% nationwide. In the last year, however, food prices in Atlanta grew about 0.4% less than nationwide as a much smaller increase in restaurant prices (4.1% versus 7.2%) and a substantial national increase in alcoholic beverages more than offset a larger increase in grocery store prices. As in the most recent

two months, most of the discrepancy in grocery store prices was concentrated in the meats, where prices rose 1.5% in Atlanta while they were declining 0.8% nationwide.

Over the last year housing prices grew 2 percentage points more rapidly in Atlanta than nationwide, but this pattern was reversed in the last two months. For example, rents grew 1% in Atlanta while they increased 1.4% in the nation. Homeowership costs including housing prices declined 0.6% in Atlanta between October and December while the same categories showed an increase of 0.3% for the nation. Sharp increases in electricity rates also caused housing costs to rise more sharply in Atlanta than nationwide (6.6% versus -0.2% for the U.S.). Apparel, transportation, medical care, and entertainment costs all rose less substantially in Atlanta than nationwide in the last year. Indeed, medical care and entertainment declined in Atlanta while they rose in the nation during the last two months. In general, except for meats and electricity, inflation currently is growing at a slower rate in Atlanta and Georgia than in the nation. As the CPI nationwide is expected to grow 6.6% in 1982 and 7.2% in 1983, it now appears that inflation in Georgia may grow less than 6.5% in 1982 and increase only 7% in 1983.

Mortgage lending statistics for December continued to show a narrowing in Atlanta's housing market conditions relative to the nation. In December the average home financed by savings and loan associations in Atlanta sold for $100,000, up $10,200 from a year ago. This compares with an average home price of $77,800 nationwide, an increase of $4300 in the past year. The effective mortgage rate continued to rise to a closing rate of 15.49% in December, an increase of 2.16 percentage points from previous year levels. Nationwide the closing effective rate was 15.41%, a gain of 2.35 percentage points from previous year levels. Mortgage rates continue to be quoted in the 17% to 18% range while the FHA and VA financing rates have once again increased to 16.5%. After dipping for two months, the cost of acquiring funds at savings and loan associations is again rising. This means that no early relief in mortgage rates is anticipated nationwide or in Georgia. It now is problematical whether mortgage rates will fall below 16% before the spring construction season, although a decline to the 15% range still is possible by the end of 1982.

Mortage lending activity in Georgia has not been robust during the fall. Part of the reason is the smaller growth in savings capital than for all other associations. Savings capital for all Georgia savings and loan associations increased only 0.4% in the last three months. This compares with gains of 1.1% in the southeast and 1.2% nationwide. This poor expansion in savings capital clearly helps to explain the decline of 0.3% in mortgages outstanding in Georgia during the fall. Nationwide mortgages outstanding grew 0.2% while growing 0.4% in the southeast. Similarly, mortgage commitments in Georgia plunged by a sharp 19%, compared with more seasonal declines of 5.6% for the nation and 3.7% for the southeast. Adjusted estimates of savings capital and mortgages outstanding in Georgia in our leading indicators show that the rate of decline is diminishing but has not yet ended. This suggests that the low point in residential construction activity has not yet been reached in Georgia but the degree of decline definitely is lessening.

While department store sales reflected growth in consumer activity in Georgia, sales tax receipts showed some slowing. In the fourth quarter sales tax receipts in Georgia grew 8.9%. This compares to 9.8%, 9%, 11.3%, and 10% in previous quarters. Nationwide the consumer retrenchment was even more significant. In the third quarter, sales tax receipts for all state and local

governments expanded only 8.0%. This compares with 13.1%, 14.1%, 13.9%, and 9.3% in previous quarters. Income tax collections also showed modest slowing. In Georgia collections grew 16.7% in the fourth quarter as compared with 17.6%, 18.9%, and 23.8% in previous quarters. Again, the national performance was considerably worse, with tax collections growing only 10% in the fourth quarter, as compared to 14.8%, 17.0%, and 20.6% in previous quarters. Corporate tax accruals showed surprising strength in Georgia during the fourth quarter, increasing 11.6%, although declining 22.7% in December. In previous quarters, corporate tax accruals expanded 1.9%, 8%, 5.5%, and 5.2%. This pattern is much more consistent than estimates nationwide, where a severe liquidity squeeze appears to have caused corporate tax accruals at state and local governments to decline 23% in the fourth quarter following and more modest decline of 1.7% in the summer. In the spring, corporate tax accruals in all state and local governments increased 9.4%. Fortunately, the severe corporate liquidity squeeze that appears to be developing nationwide has not engulfed Georgia corporations.

Even with surprising strength in corporate accruals, total tax revenues in Georgia are continuing to register the effects of recession. In the winter quarter revenues expanded 10.5% above previous year levels and showed only an 8.4% gain in December. This compares with 11.1%, 11.5%, 12.5%, and 10.3% in previous quarters. While the trend for revenue growth is decidedly downward, strong revenue growth during the first half of this fiscal year now suggests that revenues will expand 9.5% for the entire fiscal year. In the following year, preliminary projections of revenues suggest a gain of 10%.

A close look at table 5 shows no evidence of an early end to the recession. While construction activity in the fourth quarter and in December showed no significant erosion, the bulding materials industries, such as lumber and stone, clay, and glass continued to weaken. Early strength in primary metals began to be reversed by the end of 1981, while employment in fabricated metals weakened noticeably. Even the machinery industries were not immune to the developing weakness, although the fourth quarter decline in electrical machinery may not persist into the new year. Surprisingly, transportation equipment continued to perform as if the automobile industry were not in recession. Indeed, automobile activity in Atlanta significantly outperformed the industry nationwide.

Activity also was declining noticeably in nondurable manufacturing, especially in textiles and apparel. After pretending that recession no longer influenced them, the paper industry began to decline late in the year. On the other hand, the printing industry showed its customary lag in responding to changing economic conditions. While sharp decreases in revenue passenger miles clearly impacted airline transportation, the transportation services group showed less employment erosion than normally would develop during a recession. Unfortunately, a more typical recessionary pattern began to develop in the trade sector, where wholesale trade declined along with inventories late in the quarter and retail trade also felt the sluggishness of Christmas. Finally, state and local government employment continued to show the downward trend that began to develop early in the year. This was partially offset by a surprising upward trend in federal payrolls and by continued expansion in the service industries, but the employment figures continued to show intensifying recessionary trends as the new year began.

Summary of Outlook

As seasonally adjusted employment in Georgia reached its low point at the end of 1981, most of the economic recovery expected to develop in the spring of

1982 will merely restore employment levels to the 1981 average. As a result, employment is expected to increase only 0.2% or less than 4,000 jobs in the next year. This is even more sluggish than the employment growth experienced in 1980. Moreover, weakness is expected to be more widespread than in that year.

Indeed, much of the deterioration in contract construction already has occurred. Housing activity is approaching an irreducible floor while non-residential construction appears to be excessive for anticipated economic conditions. This may mean that a recovery in construction will be somewhat muted, as a relatively vigorous expansion in homebuilding is partially offset by declining private non-residential construction and by public construction in 1983.

Manufacturing payrolls are expected to show a modest decline in both durable and nondurable activity in 1982 before recoving modestly in 1983. Lumber and nonelectrical machinery should lead the durable goods declines in 1982 but lumber should lead a recovery that could include rapid gains in fabricated metals and transportation equipment during 1983. The 1982 weakness in nondurables is largely concentrated in textiles and apparel although the paper industry is expected to experience a modest decline. Expansion in payrolls in 1983 should be most vigorous for chemicals but a rebound in textiles and paper should help those industries as well.

In the service sector employment is expected to decline in trade, as inventory reductions eliminate employment in wholesale trade while retail employment will struggle to regain levels reached prior to the fall decline. Payrolls for state and local government are expected to show a rare decline in 1982. However, growth will be exceedingly slugglish in all major sectors with the exception of private services, such as lawyers, accountants, and other business services. In 1983 only federal government payrolls are expected to show any weakness. Sluggish growth in state and local payrolls will continue, however, as demographic pressures for services continue to moderate. Sharp increases in real purchasing power as a result of slowing inflation and the tax reduction should cause the trade sector to expand vigorously. The transportation and communications industries also should expand, although the recovery from recession will not be substantial because the plunge into recession was not significant.

Moderate increases in farm prices are expected in 1982, especially in hog prices. As a result, farm income should show the first notable increase since drought buffeted the agricultural industry in Georgia after 1979. Even so, the 27.5% increase in proprietors' income on the farm during 1982 will not be sufficient to regain those 1979 levels. Further significant increases in farm income are anticipated for 1983. Aside from the growth in farm income, the only factors adding to an acceleration for Georgia income in 1982 will be modestly expanding construction earnings and a significant increase in unemployment compensation. An increase in social security taxes will be less significant than in 1981. While a large decline in the expansion of employment and some slowing in hourly wages in almost all sectors should lead to a significant slowing in personal income. Of course, the Consumer Price Index will be increasing more slowly, but some of this will be the result of changing mortgage rates. Adjusted for these changing mortgage patterns, purchasing power in Georgia will be growing about a percentage point less in 1982 than in 1981. This means that real purchasing power before tax changes will be rising about 2%. As taxes will be growing at a slower rate than income because of the large tax cuts, after-tax purchasing power in Georgia will be growing about 3% in 1982. Comparable rates of expansion are expected in 1983.

While Georgia consumers will enjoy significant gains in real purchasing power during 1982 and 1983, the consumer is expected to be reluctant to exercise this increased market power. As interest rates are expected to remain high, though declining modestly, the construction industry and related manufacturing sectors also cannot provide significant economic expansion. The capital goods industries will experience sluggish growth until 1983. Thus, another modest recovery from another moderate recession is expected to develop in the forecast period.

Atlanta Should Account for All of Georgia's Employment Growth in 1982

Of the twenty-four thousand jobs created in Georgia during 1981, twenty-one thousand of them occurred in the Atlanta metropolitan area. In 1982 any employment growth that develops in Georgia will occur in Atlanta. Even in 1983 the Atlanta metropolitan area will show significantly greater employment expansion than in the remainder of the state. None of this suggests that the conditions in Atlanta are robust. On the contrary, economic activity has begun to slow noticeably to reflect recessionary pressures. However, the recovery in 1981 was nearly normal for Atlanta while it clearly fell short of normal patterns for the state.

While Atlanta received only slightly more than a proportional share of the benchmark revisions for 1980, virtually all of the upward revisions for 1981 occurred in the Atlanta metropolitan area. In 1980 contract construction was revised upward by 1,000 jobs, food processing advanced 600 jobs, transportation services expanded 1,200 jobs, retail employment was revised upward by 2,600 jobs and service employment was expanded by 3,000 jobs as a result of the benchmark revisions. Total upward revisions for 1980 were 8,100 jobs. In 1981, however, the benchmark revision led to an expansion of 21,000 jobs in Atlanta. The largest increases continued to be in retail trade and in contract construction, but payrolls were underestimated in virtually all major employment sectors.

Obviously, these dramatic revisions clouded our ability to forecast economic conditions in Atlanta a year ago. Even so, our anticipation of a 2.1% gain in employment was remarkably close to the 2.2% currently being recorded. Manufacturing activity fell significantly below our expectations, although construction activity declined about the magnitude we expected a year ago. The largest error appeared to be in the stone, clay, and glass industry where activity fell sharply rather than recovering. Of course, we also anticipated a significant recovery in transportation equipment, which only partially materialized. In nondurable manufacturing, employment in the relatively small textile and apparel industries fell sharply, while the forecast a year ago anticipated little change. On the other hand, the paper industry significantly exceeded anticipations, although signs now show some weakness.

In the service area, wholesale trade vastly outperformed our forecast of a year ago, as inventories increased beyond expectations. The finance group, on the other hand, showed surprising weakness, not all of which was related to declining real estate brokers. Federal employment showed a significant increase when a significant decrease had been expected, while state and local payrolls showed the same slackening in growth that developed in the entire state. In other words, the unanticipated recession nationwide clearly constrained manufacturing expansion in Atlanta but it had no measurable effect upon transportation service employment. In addition, private services expanded much more sharply than were expected a year ago. This performance suggests that Atlanta has redeveloped a lower vulnerability to nationwide recessions.

Of course, weakness in consumer activity nationwide cannot be avoided in Atlanta. Neither can transportion continue to ignore the reduced demand for its services. Therefore, the national recession should slow employment growth in Atlanta during 1982, but the vital economic signs in the metropolitan area remain significantly strong. According to Table 5, employment in Atlanta has been on a plateau for much of this year. There is no noticeable plunge in activity late in the year, as developed for Georgia. Construction remains stalled, but at a high level. Some of the building materials sectors such as furniture, and the stone and clay group are showing employment erosion. On the other hand, primary metals are showing surprising strength. (Our largest employer in that sector uses steel scrap, the price of which declines during recessions. Therefore, the competitive posture of this firm actually improves as other primary metal producers show weakness). The machinery industries are beginning to show modest weakness, but fabricated metals is showing surprising strength. Moreover, the transportation equipment sector continued to avoid the economic weakness that is developing in all other parts of the country until the latest Lakewood plant furloughs.

Nondurable goods activity also was beginning to show some strength as the year came to an end. Improvement was being registered for food processing, printing, and chemcials. While weakness continued in the textiles and apparel, and reappeared in the paper industries, they were not enough to offset the other areas of strength.

Retail trade showed some weakness, but most other service areas continued to hold employment levels that were established earlier in the year. The sharp dip in wholesale trade employment late in the year might suggest some inventory contraction, but this weakness should not spread to other areas of the Atlanta economy.

Our concern for weakness in the office vacancy figures was supported by the most recent Coldwell Banker Office Vacancy Index. That index showed an increase in vacancies from 12.3% in September to 17.7% in December. This dramatically exceeds the 4.8% recorded nationwide. In the downtown area much of the vacancy is in three buildings, the Hurt Bulding, the Peachtree Summit, and the Omni complex. Of course, the completion of the Georgia Pacific building late this year and the completion of the Marathon bulding could cause those vacancy figures to rise by another 10 percentage points. Furthermore, the office excess is not a problem only in downtown Atlanta. Perimeter developments, especially from Powers Ferry to Windy Hills, may be exceeding absorption rates by more than a million square feet per year. While none of this construction is cause for serious concern, it does reflect a slightly overbuilt condition.

Industrial vacancy rates in Atlanta remain well below the national average. The Coldwell Banker Index showed an increase from 2.3% in September to 2.9% in December, but the figures remain well below the 3.8% registered nationwide. The Adams Cates Index is also showing a slight increase in available square footage. This suggests that current building activity is comparable to available absorption rates. Of course, inventory accumulation continues to exceed desired levels and, the warehouse space currently being demanded may exceed desired warehouse space in a more appropriate economic environment.

Statistics on savings and loan activity in Atlanta are being distorted by mergers with the relatively strong Atlanta associations. Because of such merger activity savings capital in mortgage lending institutions in Atlanta rose 4.2% in the last three months. Mortgages outstanding increased a lesser but relati-

vely strong 2.9% over the same period. However, a decline in mortgage commitments of 21.5% clearly shows that these figures do not represent significant changes in the behavior of S & L's in Atlanta.

Indeed, housing activity remains extremely moderate at the present time. The housing collaspe continued unabated in the fall with single family permits declining 52.9% to 1574. Aided by a large project in Fulton County, multifamily and condo units showed a decline of only 13.9% to 1476 units. Total housing permits fell to 3050 from 5055 in the previous fall, a 39.7% decline. The December figures showed some stablilizing of the collapse, as single family permits declined only 5.4%. Because of the large projects in Fulton County, the multiple and condo units group increased by 73.8% from December 1980. As a result, total permits in December actually increased 10.1% from the previous year. Nationwide, single family permits declined a slightly smaller 47.8% in the fall but total permits nationwide declined a somewhat larger 42%. These figures suggest that the slump is equally disastrous in Atlanta and throughout the nation.

One metro county was able to permit more residential units in the fall of 1981 than in 1980. Unfortunately it was the relatively small county of Forsyth that had 105 single family permits and 4 multi units as compared with 66 total units a year ago. The big counties did not fare nearly so well. A large project during December caused the multifamily permits in Fulton to increase from 829 in the fall of last year to 844 this year. However, single family permits declined to 227 from 390 in 1980. Gwinnett regained its single family permit lead, but its increase of 432 permits in the fall compared with 954 a year ago. Multifamily units increased, however, from 388 in 1980 to 397 this fall. Single family permits in Cobb County declined to 366 from 809 in the same quarter a year ago. Multifamily activity also declined, to 170 from 312 the previous fall. The bust was probably most substantial in Dekalb where multifamily permits declined to 8 from 182 in 1980 while single family permits fell to 46 from 594 in the same quarter of the previous year.

In additon to Forsyth, Cherokee County paced the small counties with single family permits of 105 compared to 163 in 1980 but with 81 multi units compared to none in the previous year. Clayton County continued to tumble sharply with only 39 permits as compared to 189 in the same quarter of the previous year. Rockdale County also showed little strength with 31 permits as compared to 85 single and 4 multifamily units a year ago. Henry County showed 57 single and 2 multi permits as compared to 90 in the previous year.

For the entire year, single family permits fell 27.1% to 9896, while multifamily permits fell 28.0% to 3891. Despite a slowing to only 13,787 total units permitted, multifamily vacancy rates apparently increased to more than 9% by the end of 1981 from the 7.1% census-recorded vacancy rate. Vacancy rates for single family units probably declined slightly from the 1.8% recorded in the census. This suggests that absorption rates at the present time have fallen from more than 22,000 in 1979 and nearly 20,000 in 1980 to only 12,000 in 1981. Absorption rates will probably grow at about 11,000 in the first half of 1982 before accelerating to 16,000 by the end of the year. Absorption rates are expected to regain the 19-20,000 vicinity in 1983. While employment prospects are not robust, the difference in unemployment rates between Atlanta and the country suggests that migration should be attracted to the city. Unfortunately, high mortgage rates are deterring people from leaving their 8% mortgages where employment prospects are declining and seeking a 17% mortgage in the stronger employment conditions prevaling in Atlanta. As a result, Atlanta's population

is not expected to grow by more than 1% in 1982 because of this diminished migratory pattern. Strength will return in 1983.

The following table shows current anticipations of single and multifamily permits for the leading counties of the metro area:

	1980		1981		1982		1983	
County	single	multi	single	multi	single	multi	single	multi
Cherokee	708	22	620	101	575	120	725	150
Clayton	947	0	509	0	385	0	625	25
Cobb	3298	1005	2283	1156	1925	975	2650	1130
Dekalb	1823	1100	1270	622	1150	575	1275	1000
Forsyth	316	0	303	6	420	10	490	40
Fulton	1682	1861	1476	2247	1175	2675	1320	2950
Gwinnett	4017	1290	2817	1501	2420	1675	3050	1850
Henry	371	0	336	6	300	10	330	25
Rockdale	404	126	267	4	250	30	300	50
Total	13566	5404	9881	5643	8600	6070	10765	7220

(Totals include estimates for Woodstock, Snellville, Roswell, and include only those areas covered by the Home Builders Association of Metro Atlanta.)

The above totals show that there will be no significant recovery in contract construction during 1982. Only multi-family units, which include condominiums, should exceed their 1981 totals. Only Forsyth is expected to show more housing activity in 1982 than in 1981, although Gwinnett and Dekalb will approach their 1981 performances. Substantial growth in housing activity is expected in 1983, but even that year should fall short of the strong growth generated in 1980 for single family units.

Sluggish employment growth is expected to persist in Atlanta until the second half of 1982 and construction activity may actually recede further. Moreover, weakness is expected in transportation services and the trade sector. By 1983, however, manufacturing growth should reappear. The / significant percentage increase in lumber reflects the addition of Georgia-Pacific personnel. The favorable ruling on the C-5 program should begin to be reflected in transportation equipment by the end of 1983, although significant employment from that program will not develop until 1984.

The dramatic slowing in population growth revealed in Table 4 partially explains why unemployment rates remain so modest at the present time. In effect, Atlanta is not attracting its normal migration. As a result, the labor force is growing much more slowly than would normally be the case for prevailing

economic conditions. While this population slowing is adversely impacting residential contruction, and is having noticeable effects on retail trade, it reflects the impact of high mortgage rates upon the movement of people rather than deteriorating economic conditions in Atlanta. After 1983, if mortgage rates trend down significantly (as we expect), population growth should trend back toward 2% per year and building activity should move upward commensurately. Therefore, the underlying economic strength of Atlanta remains substantial. Unfortunately, the rest of the nation has decided to experience another recession. This has not gone unnoticed in this metropolitan area.

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Table 1 Georgia Wage & Salary Employment for 1980 & 1981 With Forecasts for 1982 & 1983

Industry	1980	1981	1982	1983	80-81	81-82	82-83
Mining	7.8	7.8	7.9	8.0	0.0	1.3	1.3
Contract Construction	105.2	102.4	100.9	103.9	-2.7	-1.5	3.0
Manufacturing	519.2	520.2	518.4	532.0	0.2	-0.3	2.6
Durables	181.0	182.8	182.3	189.0	1.0	-0.3	3.7
Lumber	28.9	28.7	28.0	29.3	-0.7	-2.4	4.6
Furniture	9.4	9.3	9.4	9.7	-1.1	1.1	3.2
Stone, Clay, Glass	17.7	16.7	16.4	16.9	-5.6	-1.8	3.0
Primary Metals	16.5	17.6	17.4	18.0	6.7	-1.1	3.4
Fabricated Metals	20.9	20.0	19.7	20.5	4.3	-1.5	4.1
Nonelectrical Machinery	22.3	22.5	21.9	22.4	0.9	-2.7	2.3
Electrical Machinery	20.3	21.9	22.3	23.0	7.9	1.8	3.1
Transportation Equipment	33.9	35.7	37.1	38.7	5.3	3.9	4.3
Other Durables	11.1	10.4	10.1	10.5	-6.3	-2.9	4.0
Nondurables	338.3	337.4	336.1	343.0	-0.3	-0.4	2.1
Food	59.3	59.7	60.1	60.8	0.7	0.7	1.2
Textiles	117.6	113.8	111.6	114.4	-3.2	-1.9	2.5
Apparel	72.3	71.1	71.0	72.2	-1.7	-0.1	1.7
Paper	28.4	28.9	28.7	29.3	1.8	-0.7	2.1
Printing	23.4	24.1	24.6	24.9	3.0	2.1	1.2
Chemicals	16.9	17.4	17.9	18.5	3.0	2.9	3.4
Leather	2.3	2.4	2.4	2.4	4.3	0.0	0.0
Other Nondurables	18.1	19.9	19.8	20.5	9.9	-0.5	3.5
Transportation, Comm. & Utilities	140.4	143.7	143.9	145.8	2.4	0.1	1.3
Trade	499.6	503.1	500.5	510.5	0.7	-0.5	2.0
Wholesale	157.4	159.8	157.8	159.9	1.5	-1.3	1.3
Retail	342.2	343.3	342.7	350.6	0.3	-0.2	2.3
Finance, Ins. & Real Estate	112.1	113.7	114.5	115.9	1.4	0.7	1.2
Services	345.7	358.5	368.4	379.2	3.7	2.8	2.9
Government	429.2	434.1	432.7	435.4	1.1	-0.3	0.6
Federal	85.6	87.5	88.2	87.6	2.2	0.8	-0.7
State & Local	343.7	346.6	344.5	347.8	0.8	-0.6	1.0
Total Wage & Salary Employment	2159.4	2183.5	2187.2	2230.7	1.1	0.2	2.0

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Table 2 Georgia Personal Income for 1980 With Estimates for 1981 and Forecasts for 1982 & 1983

(Millions of Dollars)

	1980	1981	1982	1983	80-81	81-82	82-83
Wage & Salary Income	28988	32106	34847	38348	10.8	8.5	10.0
Other Labor Income	2917	3286	3611	3997	12.7	9.9	10.7
Proprietors' Income	2429	2514	2660	2938	3.5	5.8	10.5
Farm	391	389	496	571	-0.5	27.5	15.1
Nonfarm	2038	2125	2164	2367	4.3	1.8	9.4
Labor & Proprietors' Income:							
Farm	598	610	736	833	2.0	20.7	13.2
Mining	145	166	187	210	14.7	12.8	12.1
Contract Construction	1824	1948	2096	2362	6.8	7.6	12.7
Manufacturing	8105	9080	9877	10987	12.0	8.8	11.2
Durables	3364	3871	4235	4764	15.3	9.4	12.5
Nondurables	4741	5209	5642	6223	9.9	8.3	10.3
Transportation & Utilities	3452	3852	4172	4556	11.6	8.3	9.2
Trade	6696	7259	7735	8489	8.4	6.6	9.7
Wholesale	3187	3490	3710	4062	9.5	6.3	9.5
Retail	3509	3769	4025	4427	7.4	6.8	10.0
Finance, Ins. & Real Estate	2050	2267	2485	2736	10.6	9.6	10.1
Services	5175	5793	6413	7131	11.9	10.7	11.2
Other Industries	115	121	127	135	5.0	5.0	6.3
Government	6175	6810	7290	7844	10.3	7.0	7.6
Federal Civilian	1639	1877	1988	2099	14.5	5.9	5.6
Federal Military	904	1009	1123	1240	11.6	11.3	10.4
State & Local	3633	3924	4179	4505	8.0	6.5	7.8
Property Income	5036	5919	6736	7490	17.5	13.8	11.2
State U.I. Benefits	190	162	248	191	-14.7	53.1	-23.0
Other Transfers	5654	6503	7156	7712	15.0	10.0	7.8
Less: Social Ins. Contributions	1879	2219	2448	2731	18.1	10.3	11.6
Residence Adjustment	-94	-106	-101	-113	-	-	-
Total Personal Income	43241	48165	52709	57832	11.4	9.4	9.7
Nonfarm Personal Income	42643	47555	51973	56999	11.5	9.3	9.7
% of U.S. Nonfarm	2.03	2.04	2.03	2.04	-	-	-

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Table 3 Atlanta SMSA Wage and Salary Employment for 1980 & 1981 With Forecasts for 1982 & 1983

Industry	1980	1981	1982	1983	80-81	81-82	82-83
Contract Construction	46.5	45.5	44.7	45.8	-2.2	-1.8	2.5
Manufacturing	143.9	146.2	147.8	154.8	1.6	1.1	4.7
Durables	71.6	73.9	74.6	79.0	3.2	0.9	5.9
Lumber	3.1	2.9	2.9	3.5	-6.5	0.0	20.7
Furniture	3.6	3.7	3.4	3.6	2.8	-8.1	5.9
Stone, Clay, Glass	7.3	7.0	6.9	7.2	-4.1	-1.4	4.3
Primary Metals	5.0	5.2	5.6	6.0	4.0	7.7	7.1
Fabricated Metals	7.9	7.9	8.1	8.5	0.0	2.5	4.9
Nonelectrical Machinery	7.6	8.3	8.1	8.5	9.2	-2.4	4.9
Electrical Machinery	10.3	11.0	11.2	11.7	6.8	1.8	4.5
Transportation Equipment	23.3	24.3	25.0	26.4	4.3	2.9	5.6
Other Durables	3.6	3.5	3.4	3.6	-2.8	-2.9	5.9
Nondurables	72.3	72.3	73.2	75.8	0.0	1.2	3.6
Food	19.1	19.1	19.7	20.3	0.0	3.1	3.0
Textiles	7.2	6.3	6.0	6.2	-12.5	-4.8	3.3
Apparel	9.7	9.0	8.9	9.3	-7.2	-1.1	4.5
Paper	7.9	8.5	8.2	8.5	7.6	-3.5	3.7
Printing	15.4	15.8	16.3	16.6	2.6	3.2	1.8
Chemicals	7.3	7.6	7.9	8.3	4.1	3.9	5.1
Other Nondurables	5.7	6.0	6.2	6.6	5.3	3.3	6.5
Transportation, Comm. & Utilities	85.8	89.2	89.0	90.9	4.0	-0.2	2.1
Trade	265.7	269.7	269.3	274.8	1.5	-0.1	2.0
Wholesale	101.3	104.2	104.0	105.4	2.9	-0.2	1.3
Retail	164.4	165.5	165.3	169.4	0.7	-0.1	2.5
Finance, Ins. and Real Estate	67.4	67.6	68.2	69.9	0.3	0.9	2.5
Services	199.3	208.7	215.7	225.3	4.7	3.4	4.5
Government	159.7	162.5	162.9	164.5	1.8	0.2	1.0
Federal	34.0	35.8	35.5	35.0	5.3	-0.8	-1.4
State & Local	125.8	126.7	127.4	129.5	0.7	0.6	1.6
Total Wage & Salary Employment	968.4	989.5	997.6	1026.0	2.2	0.8	2.8

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Table 4 Atlanta SMSA Personal Income with Estimates for 1980 and Forecasts for 1981-1983

	1980	1981	1982	1983	80-81	81-82	82-83
Wage & Salary Income*	14486	16194	17642	19577	11.8	8.9	11.0
Other Labor Income	1490	1684	1857	2061	13.0	10.3	11.0
Proprietors' Income	931	972	997	1104	4.4	2.6	10.7
Farm	15	13	14	17			
Nonfarm	916	959	983	1087	4.7	2.5	10.6
Labor & Proprietors' Income:							
Farm	25	26	29	33	-	-	-
Mining	15	15	16	18	-	-	-
Construction	930	998	1071	1201	7.3	7.3	12.2
Manufacturing	2768	3167	3494	3966	14.4	10.3	13.5
Durables	1594	1873	2072	2376	17.5	10.6	14.7
Nondurables	1174	1294	1422	1590	10.2	9.9	11.8
Transportation, Comm. & Utilities	2276	2576	2782	3060	13.2	8.0	10.0
Trade	4187	4587	4917	5398	9.6	7.2	9.8
Wholesale	2385	2645	2841	3110	10.9	7.4	9.5
Retail	1802	1942	2076	2288	7.8	6.9	10.2
Finance, Ins. & Real Estate	1365	1495	1641	1829	9.5	9.8	11.4
Services	3098	3498	3893	4391	12.9	11.3	12.8
Other Industries	25	26	28	29	3.9	6.2	6.0
Government	2218	2462	2625	2817	11.0	6.6	7.3
Federal Civilian	684	805	839	880	17.6	4.3	4.9
Federal Military	67	74	81	89	11.0	10.1	9.2
State & Local	1467	1583	1705	1848	7.9	7.7	8.4
Property Income	2289	2722	3116	3491	18.9	14.5	12.0
Transfer Payments	1940	2206	2446	2615	13.7	10.9	6.9
Less: Social Ins. Contributions	924	1098	1251	1426	18.8	13.9	14.0
Residence Adjustment	-485	-513	-510	-541	-	-	-
Total Personal Income	19727	22167	24297	26881	12.4	9.6	10.6
Nonfarm Personal Income	19702	22141	24268	26848	12.4	9.6	10.6
% of Georgia Nonfarm	46.20	46.56	46.69	47.10	-	-	-
Population#	2029	2055	2076	2101	1.28	1.02	1.20

*Earnings on a residence basis

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Table 5 Seasonally Adjusted Nonagricultural Employment

	Georgia						Atlanta					
	80-4	81-1	81-2	81-3	81-4	Dec.(P)	80-4	81-1	81-2	81-3	81-4	Dec.(P)
Total	2175.8	2191.1	2184.7	2182.6	2175.9	2167.3	979.9	990.9	991.5	985.7	989.8	991.5
Mining	7.8	7.8	7.7	7.8	7.9	7.9	-	-	-	-	-	-
Contract Construction	103.7	105.5	102.8	100.9	100.6	101.1	46.3	47.8	46.2	43.8	44.4	44.6
Manufacturing	520.5	518.8	523.6	522.5	516.2	511.3	145.2	146.5	147.1	144.5	146.7	147.2
Durables	182.2	182.3	184.6	183.7	180.6	179.8	73.0	73.8	75.1	72.9	73.6	74.1
Lumber	28.6	28.9	29.2	28.9	27.8	27.1	3.0	3.0	2.9	2.9	2.9	2.8
Furniture	9.2	9.0	9.4	9.7	9.4	9.3	3.6	3.7	3.9	3.8	3.6	3.4
Stone, Clay, Glass	17.4	17.2	16.9	16.6	16.3	16.2	7.5	7.3	7.2	6.8	6.7	6.7
Primary Metals	16.8	17.2	17.7	17.9	17.6	17.1	4.9	5.0	5.1	5.4	5.5	5.6
Fabicated Metals	20.7	20.1	20.2	20.1	19.7	19.5	7.8	7.7	7.9	7.9	8.0	8.0
Nonelectrical Machinery	22.8	22.8	22.8	22.6	21.8	21.4	8.0	8.3	8.4	8.5	8.3	8.2
Electrical Machinery	20.8	21.4	21.9	22.3	21.8	21.5	10.5	10.8	11.0	11.1	11.0	10.9
Transportation Equipment	35.3	34.6	37.1	34.9	36.0	37.1	24.4	24.5	25.2	22.9	24.4	25.5
Other Durables	10.5	11.2	9.5	10.7	10.2	10.8	3.4	3.6	3.5	3.6	3.2	3.1
Nondurables	337.4	337.8	338.3	339.2	334.4	332.1	71.9	72.7	71.8	71.9	72.8	73.2
Food	60.1	59.3	59.6	59.8	60.0	60.0	19.1	19.0	19.1	18.8	19.6	19.9
Textiles	115.8	115.4	114.6	114.4	110.8	109.5	7.0	6.9	6.3	6.0	6.0	5.9
Apparel	71.6	71.2	71.1	71.3	70.8	70.6	9.7	9.3	9.0	9.0	8.8	8.7
Paper	28.4	28.6	29.1	29.2	28.9	28.5	8.0	8.3	8.6	8.7	8.4	8.2
Printing	23.2	24.0	24.0	24.1	24.3	24.4	14.9	15.8	15.6	15.8	16.1	16.3
Chemicals	17.1	17.3	17.4	17.4	17.5	17.6	7.4	7.6	7.5	7.6	7.7	7.8
Leather	2.3	2.4	2.5	2.5	2.5	2.4	-	-	-	-	-	-
Other Nondurables	18.9	19.7	20.1	20.4	19.6	19.1	5.8	5.9	5.7	6.1	6.3	6.3
Transportation, Comm. & Utilities	142.8	144.2	144.4	142.6	143.8	143.7	87.4	88.9	89.5	89.2	89.2	89.1
Trade	501.5	507.1	503.6	502.2	499.7	496.3	268.0	270.1	270.2	269.9	268.9	268.4
Wholesale	157.7	159.9	160.3	159.8	159.4	158.1	101.6	103.1	104.2	104.7	105.0	104.3
Retail	344.1	346.4	343.5	342.6	340.8	338.5	166.3	167.1	166.2	165.1	163.8	163.9
Finance, Ins. & Real Estate	113.2	114.0	113.6	113.2	113.9	113.6	68.2	68.1	67.7	67.1	67.4	67.6
Services	350.7	356.7	356.6	358.9	361.6	362.2	202.4	207.1	207.2	209.0	211.5	212.6
Government	435.8	436.9	432.4	434.6	432.3	431.2	162.2	162.3	163.6	162.3	161.8	162.1
Federal	85.5	85.9	87.2	88.1	88.8	89.2	34.3	35.0	36.4	35.9	36.0	35.5
State & Local	349.8	350.8	344.9	347.4	343.4	342.2	127.9	127.4	127.4	126.3	125.9	126.4

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Table 6 Georgia in 1986

	Employment 1980	1986	% Change	Annual Rate	Previous Annual Rate
Mining	7.8	8.2	5.1	0.8	0.2
Construction	105.2	116.7	11.0	1.8	2.7
Manufacturing	519.2	565.1	8.8	1.4	1.3
Durables	181.0	207.3	14.5	2.3	2.3
Lumber	28.9	30.7	6.2	1.0	1.3
Furniture	9.4	10.1	7.4	1.2	0.3
Stone, Clay, Glass	17.7	18.0	1.7	0.3	2.5
Primary Metals	16.5	19.1	15.8	2.5	1.6
Fabricated Metals	20.9	21.5	2.9	0.5	1.7
Nonelectrical Machinery	22.3	24.5	9.9	1.6	3.1
Electrical Machinery	20.3	27.9	37.4	5.4	3.8
Transportation Equipment	33.9	44.3	30.7	4.6	3.3
Other Durables	11.1	11.2	0.9	0.1	0.7
Nondurables	338.3	357.8	5.8	0.9	0.7
Food	59.3	63.0	6.2	1.0	1.5
Textiles	117.6	116.1	-1.3	-0.2	-0.3
Apparel	72.3	74.0	2.4	0.4	0.4
Paper	28.4	30.7	8.1	1.3	1.7
Printing	23.4	26.6	13.7	2.2	2.3
Chemicals	16.9	21.3	26.0	3.9	2.4
Leather	2.3	2.3	0.0	0.0	0.0
Other Nondurables	18.1	23.8	31.5	4.7	0.5
Transportation, Comm. & Utilities	140.4	152.9	8.9	1.4	1.9
Trade	499.6	550.5	10.2	1.6	1.9
Wholesale	157.4	169.9	7.9	1.3	2.0
Retail	342.2	380.6	11.2	1.8	1.9
Finance, Ins. & Real Estate	112.1	125.3	11.8	1.9	2.7
Services	345.7	426.4	23.3	3.6	4.0
Government	429.3	467.3	8.9	1.4	2.0
Federal	85.6	88.1	2.9	0.5	0.4
State & Local	343.7	379.2	10.3	1.7	2.4
Total Wage & Salary	2159.4	2412.4	11.7	1.9	2.2
Projected Resident Population	5464	5743	5.1	0.83	0.94

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Table 7 Georgia in 1986
Personal Income**

	1980	1986	%
Wage & Salary Income	28988	52088	
Other Labor Income	2917	5422	
Proprietors' Income	2429	3978	
Farm	391	797	
NonFarm	2038	3181	
Labor & Proprietors' Income:			
Farm	598	1129	
Mining	145	304	
Contract Construction	1824	3389	
Manufacturing	8105	15037	
Durables	3364	6860	
Nondurables	4741	8177	
Trade	6696	11249	
Wholesale	3187	5362	
Retail	3509	5887	
Finance, Insurance & Real Estate	2050	3778	
Transportation, Comm. & Utilities	3452	6019	
Services	5175	9961	
Other Industries	115	161	
Government	6175	10461	
Federal Civilian	1639	2622	
Federal Military	904	1737	
State & Local	3633	6102	
Property Income	5036	10106	
State (U.I.) Benefits*	190	248	
Other Transfers	5654	9850	
Less: Social Ins. Contributions	1879	4171	
Residence Adjustment	-94	-153	
Total Personal Income	43241	77368	
Real Personal Income	22782	26414	
Adjusted PCE**	189.8	292.9	

** Assuming CPI rises 8.5% per year, adjusted to reflect differences fro
* Assuming 4.5% unemployment rate in 1986.

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86	% Change	Annual Rate	Previous Estimated Growth Path
88	79.7	10.3	10.5
22	85.9	10.9	15.5
78	63.8	8.6	7.9
97	103.8	12.6	7.6
81	56.1	7.7	8.0
29	88.8	11.2	8.0
04	109.8	13.1	12.4
89	85.8	10.9	12.5
37	85.5	10.8	10.1
60	103.9	12.6	12.3
77	72.5	9.5	8.4
49	68.0	9.0	10.4
62	68.2	9.1	10.8
37	67.8	9.0	10.0
78	84.3	10.7	12.2
19	74.4	9.7	11.5
61	92.5	11.5	12.2
51	39.8	5.7	6.2
61	69.4	9.2	9.6
22	60.0	8.1	7.9
37	92.2	11.5	14.5
02	68.0	9.0	9.1
06	100.7	12.3	15.0
38	30.5	4.5	13.3
60	74.2	9.7	12.3
71	122.0	14.2	14.8
53	-	-	-
68	78.9	10.2	11.2
14	15.9	2.5	2.5
19	54.3	7.5	8.5

ferences from national purchasing power, and to eliminate CPI bias.

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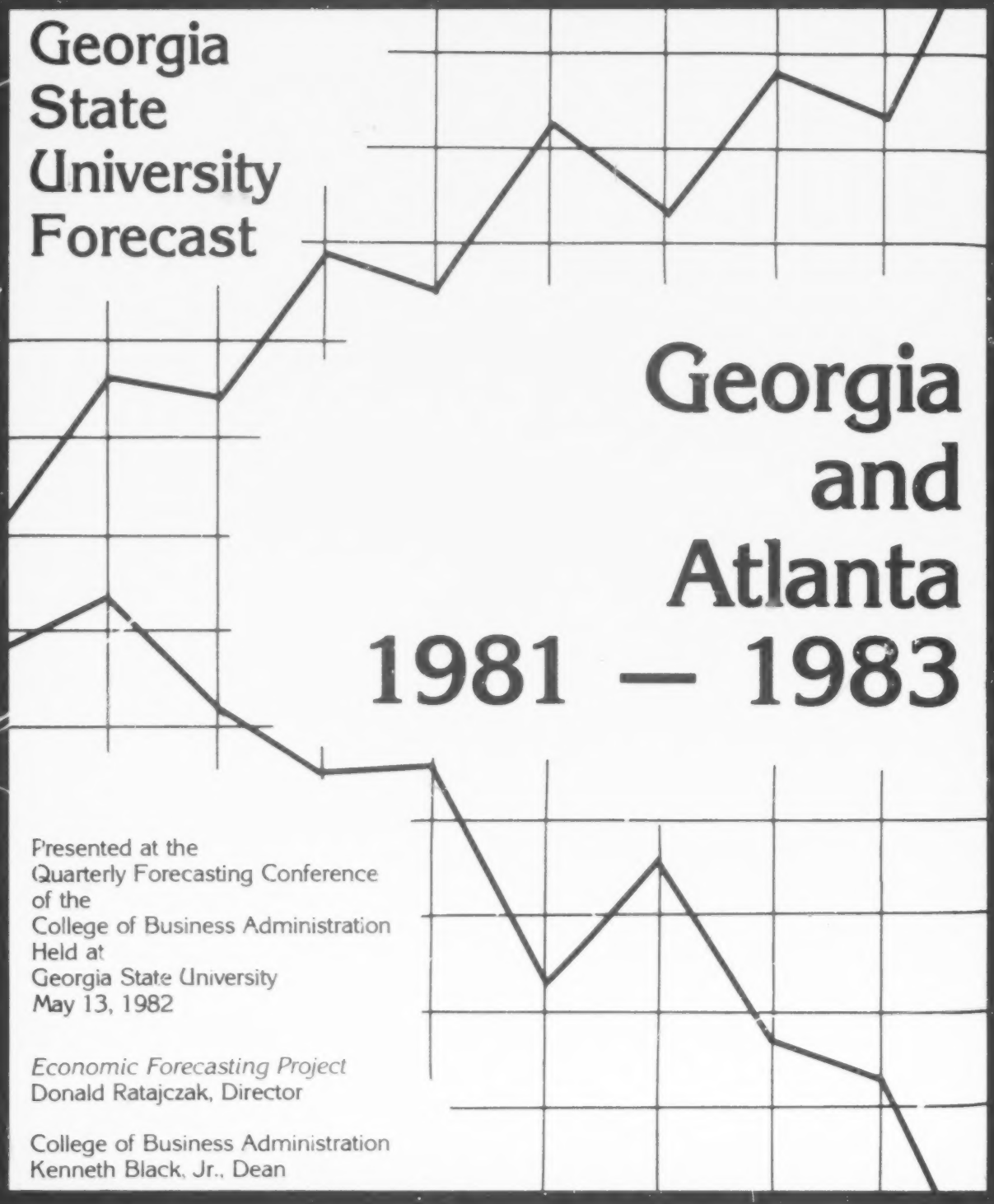

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Economic Forecasting Project
Donald Ratajczak, Director

College of Business Administration
Kenneth Black, Jr., Dean

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FIRST SIGNS OF RECOVERY FOLLOW TEXTILE COLLAPSE DURING WINTER IN GEORGIA

Dr. Donald Ratajczak, Director
Economic Forecasting Project
Georgia State University

Recent Activity

Although seasonally adjusted nonagricultural employment during the first quarter of 1982 showed little change from the fourth quarter of 1981, manufacturing payrolls in Georgia collapsed during the winter. Weakness was widespread in all the durable goods industries, but the sharpest rate of decline developed in primary metals, where a thousand jobs vanished over the winter. Weakness was even more intense in nondurables, as the textile and apparel industries discovered that recession was almost as dramatic as in the 1975 collapse. Payrolls in those two industries have declined by more than 10,000 in the last six months and currently show no evidence of a firming process. Weakness also has hit the paper and printing industries, although food processing and chemicals continue to withstand most of the recessionary pressures.

While manufacturing continued to collapse through the winter, construction began a modest rate of improvement. Following several months of adjusted declines in construction contracts, nonresidential construction contracts showed substantial gains late in the winter. Savings capital began to flow back into mortgage lending institutions, although mortgages outstanding declined after adjustment in March. On a seasonally adjusted basis, residential permits in the metro Atlanta area increased in March, following a dismal January and February. A normal construction recovery is not anticipated, as public construction continues to decline and as nonresidential contract expansion appears to be in excess of current economic needs. Nevertheless, the low point of the construction industry may already have been reached.

Of course, the continuing recession in manufacturing continues to exert downward pressures in other industries as well. Payrolls in the transportation sector are 700 below previous year levels and are only showing modest stabilization at the present time. The trucking industry continues to decline while the airline industry continues to use attrition to gradually lower its payrolls. Inventory liquidations are influencing wholesale trade where declining payrolls are anticipated for the remainder of this year. The insurance and real estate industries also are showing some employment weakness, although real estate may soon turn to reflect modest gains in residential construction activity. Large reductions in tax receipts and reduced support from the federal government also have taken their toll on state and local payrolls, where employment is more than 7,000 jobs below previous year levels. Further modest declines are anticipated in this sector as well.

The weak industries in Georgia are not significantly different from the areas of weakness recorded nationwide. However, several sectors of the Georgia economy are rebounding ahead of national strength, while other sectors never experienced recessionary conditions. This explains why payroll employment showed little change in the first quarter for Georgia, while payroll employment nationwide was declining at a 2.5% annual rate. Even the index of hours worked,

which reflects a larger shrinking of the workweek in Georgia than nationwide, shows that the index fell at an annual rate of 5.1% in Georgia as compared to a 7% annual rate of decline nationwide during the first quarter.

Consolidation in retail trade appears to have moderated, at least after adjustment for normal seasonal patterns. In Georgia, the consumer backed away from the economy about three months earlier than nationwide and now appears to be grudgingly returning to the retail establishments. Banking continues to perform well and should show further strength in the months ahead. Business services also are growing rapidly, although the rate of increase should be blunted somewhat by the recession during the remainder of 1982. Finally, federal employment appears to have increased, primarily because IRS staffing has gone up in the region. The strong sectors currently are offsetting the weak sectors, leading to no further deterioration in employment opportunities in Georgia. If the inventory swing reflected in declining manufacturing payrolls can be completed without undermining the strong portions of the Georgia economy, economic recovery could begin by the summer.

Fortunately, Georgia's leading indicators suggest that the prospect of improving activity is very likely. After adjustment for weather related conditions, the leading indicators have now increased for two consecutive months. In both instances the rate of increase has not been substantial, but it has been statistically significant. Much of the strength is being generated by improving inflationary conditions, but sharp gains in nonresidential construction contracts also suggest that the recent upturn in construction employment after seasonal adjustment can be sustained.

Georgia's coincident indicators have also registered two consecutive monthly gains, although surprising increases in the financial variables account for this performance. If the financial variables merely indicate that liquidity pressures are extensive in Georgia's corporations, then the coincident indicators are showing less strength than currently exists. Adjusted for possible financial variable biases, the Georgia economy probably declined by 5% at annual rates during the fourth quarter of 1981 and may have fallen by another 3% in the first quarter of 1982. Activity should increase by about 1% in the second quarter before a turnaround in manufacturing leads to increases at a 5% annual rate during the latter half of 1982. In 1983, we are anticipating economic expansion at a 4% annual rate in Georgia.

A more rapid growth in Georgia's personal income than nationwide is especially impressive because the Consumer Price Index available for Atlanta fell below national rates of increase early in 1982. By February, the CPI in Atlanta was only 6.4% above previous year levels as compared to a 7.7% gain for the nation. This 1.3 percentage point slower rate for Atlanta contrasts with a 0.4 percentage point more rapid rate only two months previously. Indeed, prices in Atlanta declined 0.9% in the last two months as compared to an increase of 0.7% in the nation. Homeownership costs certainly were important in causing the slowing of price changes in Atlanta, as that category declined 4.3% in the last two months while increasing modestly nationwide. Most of this difference reflects changes in financing terms, although prices of Atlanta homes deteriorated modestly early in 1982. However, price weakness was surprisingly widespread. Prices for food away from home increased 2 percentage points less in Atlanta than nationwide over the last year and alcoholic beverages grew 2.5 percentage points less in Atlanta. Modestly rising vacancy rates were reflected in a 2.3% slower rate of increase in rents in Atlanta than in the nation. Women's and girl's apparel and footwear showed sharp price declines in Atlanta

as compared to modest increases nationwide. Prices of private transportation trailed national gains by 2.5 percentage points in the last year while medical care costs grew a surprising 6.3 percentage points slower in Atlanta than nationwide. Not all Atlanta purchases became relatively cheaper in the last year. Fuels, especially electricity, showed a 6% relative price increase, while a 5.5% increase in entertainment costs early in 1982 caused that category to rise more rapidly in Atlanta than nationwide. Also, prices for men's and boy's apparel did not share the moderation reflected in other apparel costs. On balance, however, most Georgians probably experienced up to a percentage point slower inflationary burden in the last year than in the country as a whole.

Consumer nervousness, rather than declining inflation, caused a significant slowing in the growth of taxable sales in Georgia during the fourth quarter. After reflecting gains over previous year levels of 12.7%, 9.2%, and 10.3% in the previous quarters, taxable sales increased only 8.3% in the fourth quarter of 1981. Of course, more rapid personal income gains coupled with relatively slowing inflation and consumer reluctance reflects a significant improvement in consumer savings rates. The accelerated growth of savings capital in mortgage lending institutions during the first quarter of 1982 reflects this savings growth. Moreover, the Georgia consumer now is well positioned to spend a more substantial share of the tax reduction than will occur in the nation.

Consumer weakness certainly reflects the deteriorating employment picture in Atlanta during the first quarter. In Georgia the insured unemployment rate rose to 3.6% in March while the rate rose to 4.7% in Atlanta. Nationwide the rate increased to 4.8%, but the gap between Georgia and the nation narrowed slightly. In March, the seasonally unadjusted unemployment rate for the nation was 9.5%. In Georgia, the comparable rate declined to 7.7% from February's 8.1%. As a result, the unemployment gap widened from 1.2 percentage points in November to 1.8 percentage points in March. In Atlanta, where the unemployment rate was 6.3% in March, the rate remained lower than in the other metropolitan areas of the state. The umemployment rate fell to 6.6% in Macon, 7.0% in Savannah and 8.5% in Albany. Unemployment rose to 8.7% in Augusta and 12.2% in Columbus. In both Augusta and Columbus, the labor force residing in Georgia showed considerably lower unemployment rates than those residing outside Georgia. Unemployment remains appreciably higher outside metropolitan areas than inside, but the moderation in unemployment during March was more substantial in the non-metropolitan parts of Georgia.

Mortgage lending statistics for March confirmed the relative weakness in Atlanta's housing market that appeared in the CPI. In March the average home financed by savings and loan associations in Atlanta sold for $93,900, a $1200 increase from a year ago. This compares with an average home price of $78,600 nationwide, an increase of $1300 in the past year. The effective mortgage rate peaked in February at 16.24% and declined on a closing contract rate basis to 15.95% in March, but gained 1.86 percentage points from previous year levels. Nationwide the effective closing rate was 15.08%, a gain of 1.32 percentage points form previous year levels. Mortgage rates currently are quoted in the 17% range while the FHA and VA financing rates are at 15.5% with several discount points. Mortgage rates now are expected to remain near 17% until late in the summer when a decline to the 16% range is possible. In 1983 mortgages should trend downward to the 14% range by the end of the year. Mortgage lending institutions in Georgia have been especially cautious in recent months, permitting an actual decline in mortgages outstanding of 1.6% in the latest three month period. This compares with a decline of 0.6% nationwide and 0.7% in the Southeast. This reluctance to add to mortgages does not reflect changes in

savings capital in Georgia associations relative to those in the Southeast and nationwide. Savings capital in Georgia increased 1.8% in the last three months as compared with gains of 2.1% in the Southeast and 1.8% nationwide. Commitments, however, suggest that mortgages should be rising noticeably in Georgia in the next reporting period. While commitments in the nation declined 2.8% and fell a more dramatic 3.6% in the Southeast, they increased by a sharp 24.7% in Georgia during the latest three months. Of course, these poor performances in adding to income earning portfolios were reflected in the net worth performance of savings and loan associations. Indeed, the winter months were not kind to Georgia associations, where net worth decreased 6.9%. In the Southeast the net worth of savings and loans decreased 7.2%. These figures are more dramatic than the 5.8% decline experienced by all associations nationwide.

Consumer reluctance in Georgia definitely is reflected in sales tax receipts in the first quarter. In that quarter receipts in Georgia were only 5.7% above previous year levels. This compares with relative gains of 8.9%, 9.8%, 9%, and 11.3% in previous quarters. The consumer retrenchment nationwide was comparable, as sales tax receipts for all state and local governments expanded only 5.0% in the winter. This compares with gains of 8.0%, 13.1%, 14.1%, and 13.9% in previous quarters. Income tax collections in Georgia showed no signs of recession, as collections were 17.3% above previous year levels. This was comparable to the 16.7%, 17.6%, 18.9%, and 23.8% relative gains in previous quarters. Nationally, the recession was apparent with income tax collections growing only 9.1% in the first quarter. This compared with gains of 10%, 14.8%, 17.0%, and 20.6% in previous quarters. Corporate tax accruals in Georgia showed little recessionary signs by increasing 5.8% in the first quarter following gains of 11.6%, 1.9%, 8.0%, and 5.5% in previous quarters. Nationwide, the corporate liquidity squeeze was much more apparent with corporate tax accrual estimates for state and local governments falling 32.8% from previous year levels in the winter following relative declines of 17.5% and 1.7% in previous quarters. Last spring, corporate tax accruals in all state and local governments increased 9.4%.

Despite surprising relative gains in income and corporate tax accruals, total tax revenues in Georgia continued to slow noticeably to a 7.7% gain in the winter, and a 6.9% gain in March. This compares with gains of 10.5%, 11.1%, 11.5%, and 12.5% in previous quarters. Because of this declining trend, revenues are expected to expand only 9.0% for this fiscal year. In the following year, preliminary projections of revenue growth suggest a gain of 9.5%.

Summary of Outlook

Although payroll employment after seasonal adjustment showed little further decline in the first quarter from fourth quarter levels, the preliminary estimates of March employment continued to show some deterioration, especially in manufacturing. Moreoever, strong gains in the banking and private service sectors showed definite signs of diminishing in the early spring. The leading indicators suggest that recovery soon may develop in Georgia, but the extended period of decline suggests that expansion through the remainder of 1982 will not be sufficient to eliminate the declines that had been recorded earlier. As a result, employment is expected to decrease by 0.2% in 1982, a decline of 4400 jobs from 1981. Moreover, our outlook has reduced employment conditions by 8400 jobs from previous projections.

Contract construction is expected to show some moderate weakness in the spring while commercial construction should be trending downward by the fall of

1982. Thus, some employment weakness from current seasonally adjusted levels continues to be expected, but an anticipated recovery in residential activity starting in the spring should prevent any serious fall off in construction activity. On the other hand, slowing commercial activity also will prevent any dramatic improvement in construction during 1983.

The decline in durable manufacturing payrolls appears to be near an end. Building materials should begin to improve in the second half of 1982, although some employment opportunities in the stone, clay, glass sector may be permanently lost. Recovery in the lumber industry also will be slow as the 1983 expansion includes the increased payrolls of Georgia Pacific personnel. By the end of 1983 expansion of the C-5B should begin to influence employment in transportation equipment. High interest rates will prevent any substantial rebound in the machinery industries while fabricated metals may be slow to recover the ground lost during the last two recessions. As a result, durable maufacturing payrolls should rebound relatively rapidly from the sharp declines experienced late in 1981 and early in 1982.

Some nondurable goods industries also will experience nearly complete rebounds from the recession lows by the end of 1983. However, the textile industry continues to permanently lose employment. At the end of each recession, employment remains lower than in the previous recession.

Because much of the excess employment in the transporation industry has been removed through the slow process of attrition, employment opportunities are not expected to increase dramatically when manufacturing activity recovers. Similarly, excess inventories added to the need for payrolls in wholesale trade activity during 1981. As these inventories are being liquidated in 1982, wholesale trade employment should fall sharply. Some recovery is expected in 1983, but the degree of gain should be modest. The washout in small retail establishments appears to have ended. Rising real purchasing power should greatly enhance consumer activity in the latter half of 1982. Continuing strong gains in consumer activity should be reflected in retail payrolls during 1983. When construction rebounds, so will real estate employment. Banking employment is expected to continue moderate growth throughout this period, although loan demand in the latter half of 1982 has showed little gain. Finally, federal employment should show little further gain in 1983 from the levels it reached in 1982. State and local payrolls probably are reaching their low point at the present time and modest expansion is anticipated in 1983. The recovery from recession should remain moderate despite the fact that the plunge into recession has been somewhat more significant than originally expected. High interest rates and cautious consumer activity relative to the expansion of purchasing power will prevent any rapid boom from developing.

Livestock prices should be increasing rapidly in 1982 but, unfortunately, prices of crops should show little gain from the depressed 1981 levels. As a result, farm income is not expected to rebound dramatically in 1982, although grain prices could extend the rebound in farm income well into 1983. Aside from the farm sector, estimates of personal income for 1983 have been revised downward noticeably to reflect the reduced pressure that inflation is generating in wage demands. Moreover, gains in property income are expected to slow in 1983 as interest rates begin to decline. Also, cost of living adjustments in transfer payments will be much less substantial in 1982, and especially in 1983, than in earlier periods. Despite the estimated slowing in gains for personal income, purchasing power in Georgia should be growing more rapidly in 1983 than originally anticipated. First, the Consumer Price Index now is expected to

increase less than 5% in 1982 and by only 6% in 1983. Second, reductions in tax rates should add 2 percentage points to real disposable income in each of those two years. Therefore, real disposable income in Georgia could be increasing between 4 and 5% in 1982 and by comparable amounts in 1983.

Therefore, Georgia has suffered a more substantial recession than previously expected as manufacturing activity showed a large decline early in 1982. When inventory liquidation is completed in the spring, the Georgia economy should rebound. Large gains in after tax purchasing power of Georgia consumers should lead to a significant expansion in consumer activity late in 1982 and well into 1983. Construction activity will show less significant gains, as improvement in residential activity will be offset by weakness in commercial construction late in 1982. Nevertheless, a moderate economic recovery should become apparent in Georgia by the summer of 1982.

Atlanta Continues to Outperform Georgia

Manufacturing activity has weakened in Atlanta during the winter, but the importance of textiles and apparel is much smaller in the metropolitan area than statewide. Indeed, payrolls actually were slightly above previous year levels in March (the latest month for which data are available) as opposed to a 25,000 employee decline in payrolls throughout the state. Indeed, since payrolls failed to decline during the recession, employment growth should be registered in Atlanta during 1982.

The more favorable outlook for Atlanta generally is derived from the high concentration of services and trade employment within the city. For example, virtually the entire gain in service payrolls in Georgia were created in metropolitan Atlanta. On the other hand, the surprising gains in bank employment statewide appear not to have occurred in Atlanta despite the strong earnings growth of the Atlanta banks. The weakness that developed in retail trade during the fall was reversed dramatically as spring arrived. Also, the decline in transporation employment was less severe in Atlanta than throughout the state. To some extent this reflects the stronger retail and manufacturing performance in metro Atlanta than in the rest of the state.

Not all the employment trends are favorable in Atlanta. A disproportionate share of the decline in state and local payrolls occurred in metro Atlanta and further declines are anticipated through the year. Wholesale trade currently appears to be much stronger in Atlanta than in Georgia, but this reflects the accumulation of excess inventories, at least to some extent. Therefore, strength in wholesale trade early in 1982 will be converted to weakness late in the year and in 1983.

Contract construction in Atlanta is having ups and downs similar to those reflected throughout the state. Residential activity appears to be rising, but commercial activity may be subject to declines in the future. While some gains are expected in contract construction later in the year, any improvement is not expected to be dramatic. Manufacturing employment declined as sharply by sector as in the state, as textile weaving mills showed a 1400 job decline in the last year. Employment also fell by 700 jobs in the production of women's and girl's apparel. These are very large percentages of a relatively small portion of Atlanta's workforce. All the weakness in printing that has developed in Georgia occurred in Atlanta. Also, all the weakness in transportation equipment in Georgia occurred in Atlanta, as the large auto assembly plants went to temporary

layoffs to reduce inventories. In fact, few of the manufacturing sectors in Atlanta currently are experiencing any job expansion. The building materials industries are off sharply. The machinery industries show modest weakness while the nondurables industries all are slightly below previous monthly levels. The one exception is primary metals, where employment has grown in Atlanta despite dramatic declines in the state and throughout the nation. These improvements should not persist beyond the early phases of recovery, when steel scrap prices begin to rise.

Once again, overbuilding has become a concern in the Atlanta economy. Atlanta continues to register the highest vacancy rate in the Coldwell-Banker office vacancy index, but the vacancy measure declined to 15.4% in March from 17.7% in December. Little additional space was added to the office inventory during this period. Of course, the reduction in vacancy rates suggests that absorption rates continue to remain firm. Nevertheless, excessive construction will lead to a capacity far in excess of reasonable absorption rates late in 1982 and early in 1983. This means that some slowing in commercial construction will be necessary at that time. On the other hand, several projects along the perimeter are being constructed by developers with substantial financial support. Thus, a significant collapse of commercial construction does not appear to be likely. The Coldwell-Banker index on industrial vacancy rates showed some moderation to 2.7% in March from 2.8% in December, well below the 3.8% registered nationwide. The Adams-Cates index shows available square footage of warehousing climbing to 9.5 million square feet. Apparently, absorption rates approximately equal current building activity although demand for warehouse space appears to be receding as inventory liquidations intensify. Savings and loan associations in Atlanta are performing less poorly than those throughout the state, as net worth in the latest three month period declined a relatively moderate 4.7%. Savings capital continues to grow very rapidly in the mortgage lending institutions in Atlanta, increasing 3.4% in the last three months. Mortgages outstanding declined 0.7%, but a sharp 29.4% increase in mortgage commitments suggests that mortgage activity may be expanding in the Atlanta area during the spring.

With the aid of a sharp expansion in condominium units, housing permits increased 6.5% in the first three months of 1982 from the comparable period in 1981. Permits for condominiums were 580 in the first three months of 1982 as compared to 94 a year ago. Large multi-family projects in Fulton County and the city of Atlanta raised multi-family permits by 18.6% to 912 from 769 a year ago. Single family units continue to be the problem area, whith permits declining 13.2% to 2,514 from 2,897 a year ago. In the month of March single family permits were off by 12.4%. Despite the weakness in single family units, total permits actually increased 28.9% in March. These gains in Atlanta compare to a decline of 32.1% in housing permits nationwide during the first quarter and a 34.2% plunge in single family permits. While the level of construction in Atlanta is discouraging, the direction is much more favorable than that currently being recorded in the nation.

During the first quarter of 1982 total family permits were much more substantial in Fulton County than in any other part of the metropolitan area. In Fulton County single family permits were 395 versus 271 a year ago. Multi-family units were 560 versus 155 while condos were 433 versus 41. This increase of 1388 units during the first quarter appears to be excessive for current population requirements. Cobb County was second in total family units as 131 multi units were added to the 632 single family units during the quarter. This is significantly above the 377 single family units but below the 211 multi-family

units permitted a year ago. Gwinnett regained a single family housing lead with 692 units versus 492 a year ago. Multi and condominium units were only 91, however, as compared to 391 a year ago. Activity also increased noticeably in DeKalb County where single family units expanded by 340 as compared to 208 in last year's comparable period and multi-family and condo units totaled 201 as compared to 10 a year ago. In the smaller counties, Cherokee is threatening to expand rapidly with 180 housing permits as opposed to 94 a year ago. Rockdale permitted only 35 single family units versus 47 a year ago but also added 52 multi units as compared to none in the previous year. Henry and Forsyth counties continued to expand, the former showing single family permits of 71 versus 50 a year ago and 4 multi-family units. Forsyth showed 52 single family units versus 37 a year ago and 12 multi-family units. Clayton, on the other hand, continues to struggle, showing only 70 single family permits versus 105 a year ago although the first multi-family permits were issued in Clayton (only 4) since the 1974 housing collapse on the south side of the metro area.

The figures definitely indicate that the strong counties are getting stronger while the far out counties are only gradually intensifying in strength, with the exception of Cherokee. Vacancy rates appear to have stabilized at about 9%, suggesting that absorption rates may be remaining at the 12,000 level that occurred in 1981. Previously, we had anticipated that absorption rates would fall to 11,000 in the first half of 1982 before accelerating to 16,000 by the end of the year. It now seems that absorption rates through 1982 will average nearly 14,500 and should rise to the 19,000 vicinity in 1983.

The following table reveals current anticipations of single and multi-family pemits for the leading counties of the metro area:

	1980		1981		1982		1983	
County	single	multi	single	multi	single	multi	single	multi
Cherokee	708	22	620	101	730	50	770	100
Clayton	947	0	509	0	335	15	355	25
Cobb	3298	1005	2283	1156	2460	860	2820	1030
DeKalb	1823	1100	1270	622	1420	775	1400	850
Forsyth	316	0	303	6	390	30	450	50
Fulton	1682	1861	1476	2247	1565	2725	1485	2550
Gwinnett	4017	1290	2817	1501	2775	1150	3230	1350
Henry	371	0	336	6	340	10	350	25
Rockdale	404	126	267	4	210	100	230	50
Total	13566	5404	9881	5643	10225	5715	11090	6030

(Totals include estimates for Woodstock, Snellville, Lawrenceville, Roswell, and include only those areas covered by the Home Builders Association of Metro Atlanta.)

The above table shows a substantial revision in single family activity for 1982. Although multi-family units currently are growing more rapidly than in the early phases of 1981, slowing rental rates suggest that growth rates will not continue throughout the year. Most of the downward revision in multi-family anticipations for 1982 is in Gwinnett County, although some slowing also is expected in Cobb County. This slow growth is expected to continue in both counties for multi-family units in 1983.

While taxable sales slowed in metro Atlanta during the fourth quarter, the rate of easing was not as significant as in the remainder of the state. Indeed, taxable sales grew a full percentage point more rapidly in the metro area than statewide during the important Christmas quarter. Taxable sales showed moderate acceleration only in Cobb and Fulton counties. Sales slowed moderately in Clayton and DeKalb and slowed abruptly in Gwinnett, Cherokee, Douglas, Forsyth, and Rockdale. Taxable sales actually declined in Paulding (for the first time since the second quarter of 1975), Henry (for the first time since the fourth quarter of 1974), Fayette (for the first time since the third quarter of 1975), and Butts (for the first time since our quarterly statistics began early in 1969). This sluggish growth in taxable sales outside the major retailing centers suggests that many small stores may have been forced to close under the barrage of high interest rates. In any event, retailing has become much more concentrated in the metro area. Led by growth in transportation equipment payrolls, partially to reflect additions fo the C5 program, payrolls of durable goods industries are expected to rebound dramatically from the early 1982 recession. Of course, the additional Georgia Pacific personnel which may be included in the lumber category also contribute to the sharp gains in durable goods payrolls. Little recovery is expected in textile payrolls or even in apparel, while the printing industry will reflect its normal lag response to changing economic conditions. However, continuing growth in food processing and chemicals should gradually lead nondurable payrolls to new highs late in 1983.

Modest gains in transportation employment should develop as the year progresses. Retail trade should continue its response to improving purchasing power in the Atlanta area, although wholesale trade payrolls appear to be destined for a signficant period of no growth. Little growth also is anticipated for the government sector during the next two years.

Because the recession in Atlanta has not been as concentrated in inventory liquidations as in the remainder of the state, a snapback from inventory liquidations will not be dramatic. Nevertheless, basic underlying economic expansion in several industries should gradually generate an economic recovery in 1983. Many industries in Atlanta can appropriately ask whether a recession occurred in 1982. A similar question would generate an obvious response for the state of Georgia.

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Table 1

Georgia Wage & Salary Employment for 1980 & 1981 With Forecasts for 1982 & 1983
(Thousands)

Industry	1980	1981	1982	1983	80-81	81-82	82-83
1. Mining	7.8	7.8	7.9	8.0	0.0	1.3	1.3
2. Contract Construction	105.2	102.4	101.5	103.6	-2.7	-0.9	2.1
3. Manufacturing	519.2	519.9	504.4	518.4	0.1	-3.0	2.8
Durables	181.0	182.9	176.4	182.9	1.0	-3.6	3.7
Lumber	28.9	28.7	27.8	28.5	-0.7	-3.1	2.5
Furniture	9.4	9.3	9.3	9.5	-1.1	0.0	2.2
Stone, Clay, Glass	17.7	16.7	16.0	16.4	-5.6	-4.2	2.5
Primary Metals	16.5	17.6	16.8	17.3	6.7	-4.5	3.0
Fabricated Metals	20.9	20.0	19.2	20.0	4.3	-4.0	4.2
Nonelectrical Machinery	22.3	22.5	21.0	21.6	0.9	-6.7	2.9
Electrical Machinery	20.3	21.9	21.6	22.3	7.9	-1.4	3.2
Transportation Equipment	33.9	35.7	35.1	37.2	5.3	-1.7	6.0
Other Durables	11.1	10.4	9.6	10.1	-6.3	-7.7	5.2
Nondurables	338.3	337.1	328.0	335.5	-0.4	-2.7	2.3
Food	59.3	59.7	60.3	61.1	0.7	1.0	1.3
Textiles	117.6	113.7	106.5	110.3	-3.3	-6.3	3.6
Apparel	72.3	71.1	70.2	71.4	-1.7	-1.3	1.7
Paper	28.4	28.9	28.5	28.9	1.8	-1.4	1.4
Printing	23.4	24.1	23.7	23.9	3.0	-1.7	0.8
Chemicals	16.9	17.4	17.6	18.1	3.0	1.1	2.8
Leather	2.3	2.4	2.1	2.1	4.3	-12.5	0.0
Other Nondurables	18.1	19.9	19.1	19.7	9.9	-4.0	3.1
4. Transportation, Comm. & Utilities	140.4	143.6	143.5	145.5	2.3	-0.1	1.4
5. Trade	499.6	503.1	503.2	511.7	0.7	0.0	1.7
Wholesale	157.4	159.8	157.6	158.9	1.5	-1.4	0.8
Retail	342.2	343.3	345.6	352.8	0.3	0.7	2.1
6. Finance, Ins. & Real Estate	112.1	113.7	115.7	118.2	1.4	1.8	2.2
7. Services	345.7	358.5	368.0	378.5	3.7	2.6	2.9
8. Government	429.2	434.1	434.5	436.9	1.1	0.1	0.6
Federal	85.6	87.5	90.3	90.0	2.2	3.2	-0.3
State & Local	343.7	346.6	344.2	346.9	0.8	-0.7	0.8
Total Wage & Salary Employment	2159.4	2183.1	2178.7	2220.8	1.1	-0.2	1.9

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Table 2 Georgia Personal Income for 1980 With Estimates for 1981 and Forecasts for 1982 & 1983
(Unrevised) (Millions of Dollars)

	1980	1981	1982	1983	80-81	81-82	82-83
Labor & Proprietors' Income:							
1. Wage & Salary Income	28968	32107	34803	38122	10.8	8.4	9.5
2. Other Labor Income	2917	3287	3601	3965	12.7	9.6	10.1
3. Proprietors' Income	2429	2515	2559	2836	3.5	1.8	10.8
Farm	391	389	474	563	-0.5	21.9	18.8
Nonfarm	2038	2126	2085	2273	4.3	-1.9	9.0
Labor & Proprietors' Income:							
1. Farm	598	610	712	824	2.0	16.7	15.8
2. Mining	145	166	188	209	14.7	12.8	11.6
3. Contract Construction	1824	1948	2108	2346	6.8	8.2	11.3
4. Manufacturing	8105	9081	9653	10709	12.0	6.3	10.9
Durables	3364	3875	4135	4639	15.2	6.7	12.2
Nondurables	4741	5206	5518	6070	9.8	6.0	10.0
5. Transportation & Utilities	3452	3856	4168	4535	11.7	8.1	8.8
6. Trade	6696	7259	7765	8453	8.4	7.0	8.9
Wholesale	3187	3490	3706	4021	9.5	6.2	8.5
Retail	3509	3769	4059	4432	7.4	7.7	9.2
7. Finance, Ins. & Real Estate	2050	2267	2510	2776	10.6	10.7	10.6
8. Services	5175	5791	6399	7084	11.9	10.5	10.7
9. Other Industries	115	121	127	134	5.0	5.0	5.8
10. Government	6175	6810	7333	7853	10.3	7.7	7.1
Federal Civilian	1639	1877	2032	2138	14.5	8.3	5.2
Federal Military	904	1009	1126	1244	11.6	11.6	10.5
State & Local	3633	3924	4175	4471	8.0	6.4	7.1
Plus:							
Property Income	5036	5922	6769	7473	17.6	14.3	10.4
State U.I. Benefits	190	164	262	204	-13.5	59.6	-22.1
Other Transfers	5654	6508	7139	7660	15.1	9.7	7.3
Residence Adjustment	-94	-105	-100	-112	-	-	-
Less: Social Ins. Contributions	1879	2219	2445	2714	18.1	10.2	11.0
Equals: Total Personal Income	43241	48179	52588	57434	11.4	9.2	9.2
Nonfarm Personal Income	42643	47569	51876	56610	11.6	9.1	9.1
% of U.S. Nonfarm	2.03	2.04	2.04	2.05	-	-	-

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Table 3 Atlanta SMSA Wage and Salary Employment for 1980 & 1981 With Forecasts for 1982 & 1983
(Thousands)

Industry	1980	1981	1982	1983	80-81	81-82	82-83
1. Contract Construction	46.5	45.5	45.0	46.3	-2.2	-1.1	2.9
2. Manufacturing	143.9	146.1	143.9	149.5	1.5	-1.5	3.9
Durables	71.6	73.9	72.8	76.8	3.2	-1.5	5.5
Lumber	3.1	2.9	2.9	3.3	-6.5	0.0	13.8
Furniture	3.6	3.7	3.9	4.1	2.8	5.4	5.1
Stone, Clay, Glass	7.3	7.0	6.5	6.7	-4.1	-7.1	3.1
Primary Metals	5.0	5.2	5.7	5.9	4.0	9.6	3.5
Fabricated Metals	7.9	7.9	7.9	8.1	0.0	0.0	2.5
Nonelectrical Machinery	7.6	8.3	8.1	8.4	9.2	-2.4	3.7
Electrical Machinery	10.3	11.0	10.8	11.3	6.8	-1.8	4.6
Transportation Equipment	23.3	24.3	23.7	25.5	4.3	-2.5	7.6
Other Durables	3.6	3.5	3.3	3.5	-2.8	-5.7	6.1
Nondurables	72.3	72.2	71.1	72.7	-0.1	-1.5	2.3
Food	19.1	19.1	19.3	19.6	0.0	1.0	1.6
Textiles	7.2	6.3	5.6	5.8	-12.5	-11.1	3.6
Apparel	9.7	9.0	8.7	9.0	-7.2	-3.3	3.4
Paper	7.9	8.5	8.1	8.3	7.6	-4.7	2.5
Printing	15.4	15.8	15.7	15.8	2.6	-0.6	0.6
Chemicals	7.3	7.6	7.4	7.6	4.1	-2.6	2.7
Other Nondurables	5.7	6.0	6.3	6.6	5.3	5.0	4.8
3. Transportation, Comm. & Utilities	85.8	89.1	89.4	91.2	3.8	0.3	2.0
4. Trade	265.7	269.7	273.0	276.3	1.5	1.2	1.2
Wholesale	101.3	104.2	104.3	104.1	2.9	0.1	-0.2
Retail	164.4	165.5	168.7	172.2	0.7	1.9	2.1
5. Finance, Ins. and Real Estate	67.4	67.6	68.1	69.7	0.3	0.7	2.3
6. Services	199.3	208.7	217.4	227.0	4.7	4.2	4.4
7. Government	159.7	162.3	159.3	159.6	1.6	-1.8	0.2
Federal	34.0	35.8	35.8	35.6	5.3	0.0	-0.6
State & Local	125.8	126.5	123.5	124.0	0.6	-2.4	0.4
Total Wage & Salary Employment	968.4	989.2	996.1	1019.6	2.1	0.7	2.4

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Table 4 Atlanta SMSA Personal Income with Estimates for 1980-1981 and Forecasts for 1982-1983
(Unrevised) (Millions of Dollars)

	1980	1981	1982	1983	80-81	81-82	82-83
Labor & Proprietors' Income:							
1. Wage & Salary Income	14486	16189	17658	19427	11.8	9.1	10.0
2. Other Labor Income	1490	1684	1852	2045	13.0	10.0	10.4
3. Proprietors' Income	931	972	963	1062	4.4	-0.9	10.3
Farm	15	13	13	17	-	-	-
Nonfarm	916	959	950	1045	4.7	-0.9	10.0
Labor & Proprietors' Income:							
1. Farm	25	26	28	33	-	-	-
2. Mining	15	15	16	18	-	-	-
3. Contract Construction	930	998	1078	1208	7.3	8.0	12.1
4. Manufacturing	2768	3164	3422	3845	14.3	8.2	12.4
Durables	1594	1871	2036	2321	17.4	8.8	14.0
Nondurables	1174	1293	1386	1524	10.1	7.2	10.0
5. Transportation & Utilities	2276	2576	2795	3058	13.2	8.5	9.4
6. Trade	4187	4588	4964	5372	9.6	8.2	8.2
Wholesale	2385	2645	2849	3062	10.9	7.7	7.5
Retail	1802	1943	2115	2310	7.8	8.9	9.2
7. Finance, Ins. & Real Estate	1365	1495	1638	1813	9.5	9.6	10.7
8. Services	3098	3498	3921	4415	12.9	12.1	12.6
9. Other Industries	25	26	28	29	3.9	6.2	5.5
10. Government	2218	2459	2583	2743	10.9	5.0	6.2
Federal Civilian	684	804	845	886	17.5	5.1	4.9
Federal Military	67	74	82	90	11.0	10.4	9.3
State & Local	1467	1581	1656	1767	7.8	4.7	6.7
Plus:							
Property Income	2289	2724	3132	3480	19.0	15.0	11.1
Transfer Payments	1940	2204	2442	2603	13.6	10.8	6.6
Residence Adjustment	-485	-510	-503	-536	-	-	-
Less: Social Ins. Contributions	924	1098	1252	1415	18.8	14.0	13.0
Equals: Total Personal Income	19727	22165	24292	26666	12.4	9.6	9.8
Nonfarm Personal Income	19702	22139	24264	26633	12.4	9.6	9.8
% of Georgia Nonfarm	46.20	46.54	46.77	47.05	-	-	-
Population (#)	2029	2055	2076	2099	1.28	1.02	1.11

*Earnings on a residence basis

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Table 5 Seasonally Adjusted Nonagricultural Employment
(Thousands)

	Georgia						Atlanta					
	81-1	81-2	81-3	81-4	82-1(P)	Mar.(P)	81-1	81-2	81-3	81-4	82-1(P)	Mar.(P)
Total	2191.8	2184.7	2182.0	2174.4	2174.5	2165.2	990.9	991.5	985.7	989.8	996.0	992.3
Mining	7.8	7.7	7.8	7.9	7.9	8.0	---	---	---	---	---	---
Contract Construction	106.2	102.9	100.2	100.5	103.2	103.2	47.8	46.2	43.8	44.4	46.2	45.5
Manufacturing	518.8	523.6	522.5	515.0	503.7	497.1	146.5	147.1	144.5	146.7	144.3	141.6
Durables	182.3	184.6	183.7	180.7	176.8	174.1	73.8	75.1	72.9	73.6	73.2	70.8
Lumber	28.9	29.2	28.9	27.8	27.5	27.5	3.0	2.9	2.9	2.9	2.7	2.7
Furniture	9.0	9.4	9.7	9.5	9.2	9.2	3.7	3.9	3.8	3.6	3.9	3.9
Stone, Clay, Glass	17.2	16.9	16.6	16.3	16.1	15.9	7.3	7.2	6.8	6.7	6.6	6.4
Primary Metals	17.2	17.7	17.9	17.5	16.6	16.6	5.0	5.1	5.4	5.5	5.6	5.6
Fabicated Metals	19.9	20.3	20.3	19.6	19.1	19.1	7.7	7.9	7.9	8.0	7.9	7.8
Nonelectrical Machinery	22.8	22.8	22.5	21.9	21.2	21.2	8.3	8.4	8.5	8.3	8.1	8.2
Electrical Machinery	21.4	21.9	22.3	22.0	21.8	21.5	10.8	11.0	11.1	11.0	10.9	10.7
Transportation Equipment	34.6	37.1	34.9	36.0	35.6	33.5	24.5	25.2	22.9	24.4	24.2	22.2
Other Durables	11.4	9.4	10.6	10.2	9.7	9.6	3.6	3.6	3.6	3.2	3.3	3.3
Nondurables	337.8	338.2	339.3	333.1	326.9	323.0	72.7	71.8	71.9	72.8	71.1	70.8
Food	59.3	59.6	59.8	59.9	59.8	60.0	19.0	19.1	18.8	19.6	19.4	19.3
Textiles	115.4	114.5	114.5	110.3	105.4	102.3	6.9	6.3	6.0	6.0	5.6	5.5
Apparel	71.2	71.1	71.3	70.8	70.7	69.9	9.3	9.0	9.0	8.8	8.6	8.6
Paper	28.6	29.1	29.1	28.8	28.5	28.5	8.3	8.6	8.7	8.4	8.2	8.1
Printing	24.1	24.0	24.0	24.1	23.8	23.8	15.8	15.6	15.8	16.1	15.8	15.7
Chemicals	17.3	17.4	17.5	17.5	17.5	17.4	7.6	7.5	7.6	7.7	7.4	7.4
Leather	2.4	2.5	2.4	2.4	2.1	2.1	---	---	---	---	---	---
Other Nondurables	19.6	20.0	20.6	19.4	19.1	19.0	5.9	5.7	6.1	6.3	6.1	6.2
Transportation, Comm. & Util.	144.2	144.4	142.6	143.4	143.1	143.3	88.9	89.5	89.2	89.2	89.0	89.1
Trade	507.1	503.6	502.2	499.8	500.9	500.6	270.2	270.2	269.9	268.8	271.7	273.7
Wholesale	159.9	160.3	159.8	159.5	158.6	157.9	103.1	104.2	104.7	105.0	104.8	104.9
Retail	346.4	343.5	342.3	340.7	342.3	342.7	167.1	166.2	165.1	163.8	166.9	168.8
Finance, Ins. & Real Estate	114.0	113.6	113.2	113.9	115.2	115.0	68.1	67.7	67.1	67.4	68.2	68.0
Services	356.7	356.5	358.9	361.6	366.3	365.1	207.1	207.2	209.0	211.5	216.8	215.4
Government	436.9	432.4	434.6	432.3	434.2	432.9	162.3	163.6	162.3	161.8	159.8	159.0
Federal	85.9	87.2	88.1	88.8	90.3	90.4	35.0	36.4	35.9	35.9	36.0	35.8
State & Local	350.8	344.9	347.4	343.3	343.9	342.5	127.3	127.4	126.4	126.0	123.8	123.2

Note: (P) Preliminary

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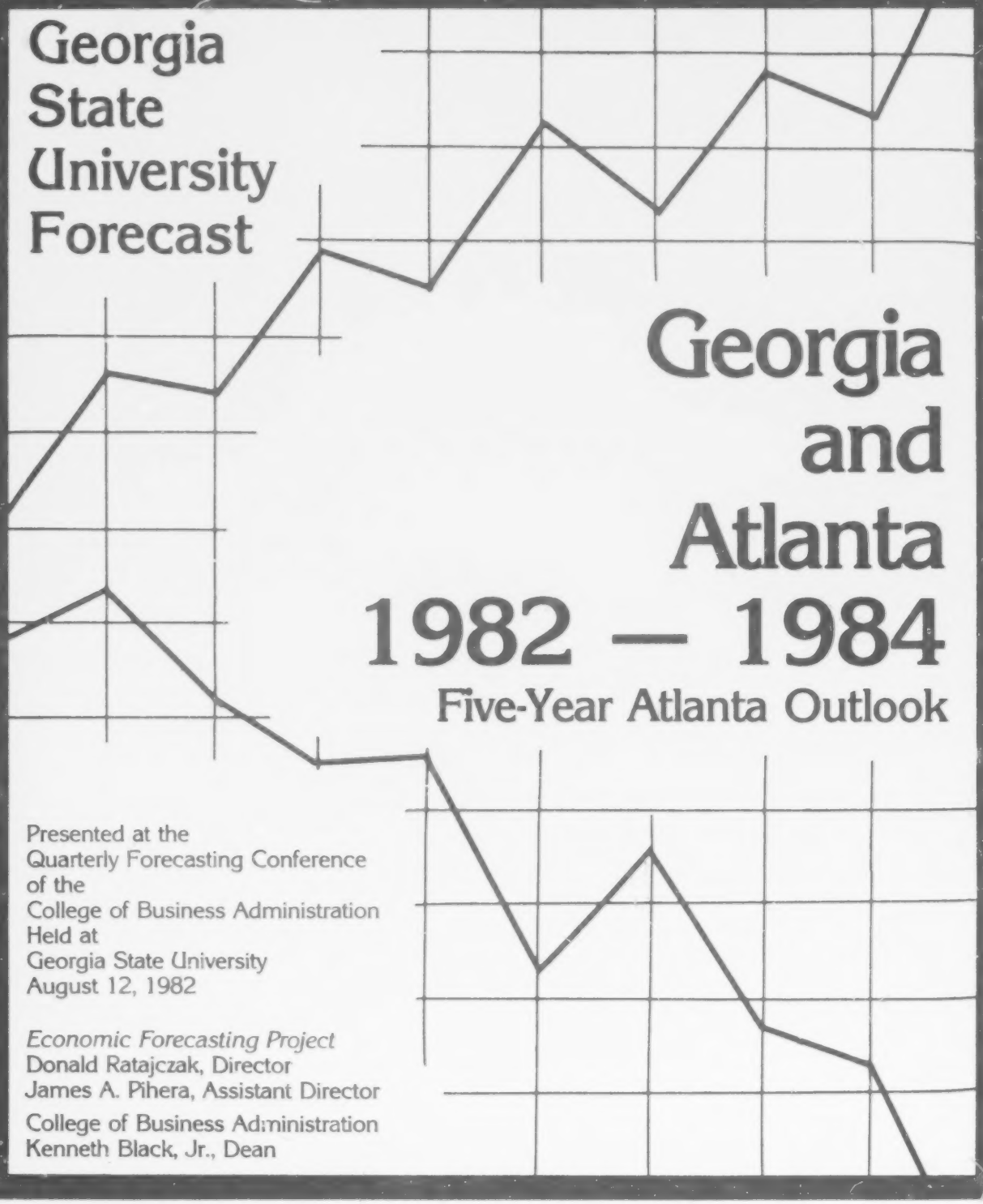
Georgia State University Forecast

Georgia and Atlanta 1982 — 1984

Five-Year Atlanta Outlook



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Economic Forecasting Project
Donald Ratajczak, Director
James A. Pihera, Assistant Director

College of Business Administration
Kenneth Black, Jr., Dean

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SUSTAINED RECOVERY MAY NOT DEVELOP UNTIL FALL

Dr. Donald Ratajczak, Director
Economic Forecasting Project
Georgia State University

Recent Activity

After four months of improvement, the coincident indicators for Georgia turned down in June. A large decline in the leading indicators in June suggests that little economic growth is likely in Georgia during the third quarter. To some extent, these reductions in activity and anticipations are caused by an inflationary aberration. Between April and June, the Consumer Price Index in the Atlanta area increased 3.9% as compared to 2.2% nationwide. Part of this differential was caused by sharper gains in gasoline prices in Georgia. While such gains are not anticipated to persist, the increases during the spring clearly redirected consumer dollars from purchases that would support Georgia's economy to gasoline purchases. Thus, activity should be sluggish through the summer despite the tax reductions and social security increases that occurred in July.

Even with the June decline in the index of economic activity for Georgia, the indicators suggest that Georgia's economy expanded 0.4% in the last year in comparison to a decline of 1.7% nationwide. Moreover, the indicators show an increase at annual rates of 2.9% in the spring for Georgia as compared to a gain of 1.7% in the nation. Of course, the decline in Georgia activity anticipated by the leading indicators suggests that Georgia will perform more poorly than the national economy in the summer.

This see-saw pattern in economic activity has persisted in Georgia since last fall. After exhibiting substantially stronger gains in personal income during the fourth quarter than in the nation, personal income in Georgia barely increased during the winter. Weakness was especially noteworthy in farming, contract construction, and manufacturing. Part of this weakness clearly reflected fundamental reductions in manufacturing payrolls. By June, manufacturing employment was 33,000 jobs below previous year levels. About 14,000 jobs were lost in textiles with the greatest burdens being felt by cotton weaving mills, carpets, and yarn and thread mills. Other nondurable manufacturing that exhibited significant weakness included women's and children's clothing, paperboard mills, and unspecified nondurables.

Weakness in durable manufacturing also was significant, as all major industries contributed to the decline. Payrolls dropped most sharply for wood products, fabricated metals, and transportation equipment. Smaller payroll declines were experienced in construction, transportation, wholesale trade (especially of durable goods), and state and local payrolls. However, growth remained substantial in the financial sector, private services, federal employment, and utilities.

Although the goods producing sectors of the Georgia economy undoubtedly were weak in the first half of 1982, the personal income estimates for Georgia in the first quarter reflected more weakness than actually occurred. Because of severe weather conditions in January, production schedules were disrupted. About 25% of one workweek was lost. Apparently, the earnings associated with that reduced activity were not made up during the first quarter. Thus, the unusually weak performance of personal income in Georgia during the first quarter should be reversed by stronger wage earning gains in the goods producing sector during the spring than employment conditions normally would suggest.

The seasonally adjusted estimates of non-agricultural employment contained in Table 5 do not reflect the shift in purchasing power that is implied by the personal income data. During the winter, Georgia payrolls showed little change. This was the time, however, when the workweek shrank dramatically. In the spring the workweek actually improved slightly. However, economic weakness developed rapidly as employment in Georgia declined at a 3.2% annual rate as compared with only a 1.4% rate of decline in the nation. The preliminary estimates for June suggest that weakness intensified in that month. This is also confirmed by the performance of the leading and coincident indicators.

Contract construction showed little employment change for the early portion of 1982. However, continued weakness in residential activity and reductions in public construction led to significant construction payroll declines late in the spring. More moderate weakness is expected in the second half of the year.

Weakness in durable goods production continues in fabricated metals and the machinery industries, while in June construction related activities began to stabilize. Also, payrolls in transportation equipment are gradually improving. Employment problems remain, however, in nondurable manufacturing and textiles continue to show significant weakness. Other areas showing no slowing in their down trend are apparel, paper, and chemicals. Some of the weakness in textiles and apparel reflects permanent closures of work places. The weakness in goods activity clearly generated weakness in wholesale trade, where payrolls are down sharply in the durables sector. Payroll trends are not clear for retail trade, although seasonally adjusted employment fell significantly in June. Even the previously strong areas reflected in the finance and service sectors showed little expansion in the spring. Because the improvement in employment is developing late in the year, employment in Georgia is now expected to fall 0.8% in 1982, or by 17,600 jobs.

Although weather caused much of the differential performance in Georgia's economy during the winter, inflation stopped the Georgia economy cold in June. In February, the Atlanta CPI was growing 1.3 percentage points less than nationwide over the previous twelve months. By June, the Atlanta inflation rate was 1% higher over the twelve month period than in the nation. This dramatic reversal in inflationary pressures appears to be the result of differential homeownership costs (7.3% in Atlanta versus 3.2% nationwide in the April-June period), utility rates (5.0% in Atlanta versus 3.8% in the U.S.), private transportation including gasoline (4.4% in Atlanta versus 3.6% in the U.S.), entertainment (2.4% in Atlanta versus 0.7% nationwide), and medical care (6.5% in Atlanta versus 1.5% nationwide). The sharp increase in homeownership costs reflects more significant price increases in Atlanta homes than those recorded nationwide. The reason for these sharp price increases is not clear. The sharp increase in medical care costs in Atlanta may indicate that the excess capacity in Atlanta hospitals is coming to an end. Although the inflationary conditions

look especially discouraging in Atlanta during the spring, food-away-from-home showed no price appreciation, while it was increasing 0.8% in the last two months in the nation as a whole. Unfortunately, very few other categories performed more favorably than in the nation. This surge in Atlanta's prices is not expected to persist, but it now appears that inflation in Georgia will exceed national rates by 0.5 percentage points and average 6.5% above previous year levels in 1982. A similar rate of price advance is anticipated in 1983.

Even before inflation accelerated in Georgia, consumers were nervous about the state of affairs. The nonexistent growth in personal income resulted in virtually no growth in taxable sales in the first quarter of 1982 compared to the first quarter of 1981. The 2.7% increase recorded for that period was the lowest year-over-year gain since the third quarter of 1975, and compared very unfavorably with gains of 8.3%, 12.7%, 9.2%, and 10.3% in previous quarters. Taxable sales slowed even more substantially than personal income during the first quarter, suggesting a significant improvement in savings rates. Unfortunately, the acceleration of inflation in the spring may have exhausted most of that purchasing power. Previous anticipations that the Georgia consumer might respond more favorably to the tax reductions than nationwide no longer appear to be appropriate.

Despite the sharp slowing of employment early in the year, unemployment rates remain lower than national averages in most Georgia communities. In June the insured unemployment rate was 3.2% in Georgia as compared to 3.6% in March. The Atlanta insured unemployment rate was 4.1% as compared to 4.7% in March. The nearly 2 percentage point gap in unemployment rates between Georgia and the nation remained intact in June. In that month the seasonally unadjusted unemployment rate for the nation was 9.8% (a significant increase from 9.1% in May) while the seasonally adjusted rate was unchanged at 9.5%. Georgia saw the same seasonal increase in its unemployment rate, but the gains were from 7.4% in May to 8.1% in June. Macon and Atlanta showed the same 6.6% unemployment rate in June, although Atlanta's rate had increased by a percentage point over the year while Macon's rate declined slightly. The unemployment rate in Savannah continued to drift upward to 7.4% in June. Augusta experienced a seasonal increase in unemployment from 8.6% in May to 9.2% in June. Unemployment increases in Albany and Columbus greatly exceeded seasonal conditions, with the Albany rate rising from 8.2% to 9.7% while the Columbus rate surged from 9.4% to 11.5%. Both the metropolitan and nonmetropolitan areas of Georgia appeard to experience comparable changes in unemployment rates in recent months. Housing in the Atlanta area has shifted toward lower priced units. The average home financed by savings and loan associations in Atlanta sold for $82,200 in June, an $11,000 decrease from a year ago. This compares with an average home price of $78,000 nationwide, a rate that is unchanged over the previous year. The effective mortgage rate in Atlanta peaked in February at 16.24% and has since declined on the closing constract basis to 15.39% in June, an increase of 1.15 percentage point over the previous year. Nationwide the effective closing rate was a lower 14.98% in June and a narrower 0.66 percentage point gain from previous year levels. Thus, mortgage rates are remaining somewhat higher in the Atlanta area than nationwide at the present time, although all rates are moving downward. Mortgage rates currently are quoted in the 16% range and it is anticipated that the FHA and VA financing rates, which are currently 15.5%, will decline at least a half percentage point very shortly. Mortgage rates should fall below 16% in the summer and decline to less than 15% at the end of 1982. In 1983, mortgages should continue to trend downward but reach only a level slightly in excess of 13% by the end of that year.

Most mortgage lending institutions continue to follow extremely cautious lending programs. As a result, mortgages outstanding in Georgia declined 0.5% in the latest three month period. This compares with declines of 0.4% for the nation and 0.7% for all associations in the Southeast. Of course, savings capital continues to grow very sluggishly in all mortgage lending institutions. In Georgia the increase is 1.0% in the last three months, the same as recorded nationwide, while gains in the Southeast were a more sluggish 0.7%. Despite these poor gains in lenders' balance sheets, associations in Georgia continue to be aggressive in making loan commitments. In the last three months, when commitments normally rise dramatically, the increase in Georgia was 37.7%. This compared with a modest gain of 8.0% nationwide and a surprising decline of 5.4% in the Southeast. The net worth of southeastern associations continues to decline more rapidly than nationwide, showing a loss of 7.7% in the last three months. The Georgia associations did even worse, exhibiting a drop of 8.7%. Nationwide, net worth declined a still very large 6.1%.

The recession certainly was noticeable in Georgia tax revenues, as the gains from previous year levels slowed to 6.0% in the spring quarter and to only 3.6% in June. Previous quarterly gains were 7.7%, 10.5%, 11.1%, and 11.5% respectively. Revenues were even lower than our 9.0% anticipations for this fiscal year, rising only 8.6%. Because of the low pattern of revenue expansion and anticipations that there will be no growth in the Georgia economy during the summer, projections of revenue growth for the next fiscal year have been reduced to 8.5%. Gains at a 10% annual rate are then expected for the subsequent year.

The plunge in taxable sales mentioned earlier was fully reflected in the receipts from sales taxes in the second quarter. Receipts were only 4.8% above previous year levels. This compares with gains of 5.7%, 8.9%, 9.8% and 9% in previous quarters. Moreover, the performance in Georgia was decidedly weaker than sales tax receipts for all state and local governments. Nationwide, receipts expanded 7.1% as compared to a slower 4.2% in the winter and gains of 6.6%, 9.5%, and 10.9% in previous quarters. Income tax collections in Georgia finally showed recessionary signs as collections grew only 7.3% in the spring. This compared with nonrecessionary gains of 17.3%, 16.7%, 17.6% and 18.9% in previous quarters. The recession was also apparent nationwide with tax collections growing only 6.5% in the quarter as compared with 8.7%, 11.1%, 14.7%, and 13.6% in previous quarters. The only segment where Georgia activity currently is performing better than nationwide is in corporate tax accruals. Here gains are 8.2% in the spring following increases of 5.8%, 11.6%, 1.9%, and 8.0% in previous quarters. This is substantially different from estimated corporate tax accruals for state and local governments nationwide. Their accruals have been falling at a 30.7% rate in the spring and rates of decline of 34.4%, 16.7%, and 1.4% in previous quarters. Indeed, except for the corporate sector, economic activity in Georgia would be more severely restricted than in the nation.

Summary of Outlook

After declining at an annual rate of more than 3% in the fourth quarter and of 5% during the winter, Georgia's economy appears to have expanded nearly 3% in the spring according to the coincident indicators. Unfortunately, economic activity weakened noticeably in June and the revenue estimates slowed sharply (with the exception of corporate tax accruals). Therefore, economic activity probably will show no growth in the third quarter and expand only a 4% annual rate at the end of the year. This means that gross state product adjusted for

inflation probably will decline nearly 1% in 1982, only marginally better than the 1.4% decline currently anticipated nationwide.

Obviously, such poor performance in economic activity must cause significant reductions in employment. According to the seasonally adjusted payroll estimates in Table 5, employment currently is below the anticipated average for 1982. Little employment growth is expected in the third quarter followed by significant expansion toward the end of the year. Nevertheless, employment is expected to decline 0.8% in 1982 before rising a rather weak 1.7% in 1983 and only a normal 2.1% in 1984.

Recovery in durable goods manufacturing will lead the recovery as all sectors are expected to show significant gains in 1983 and 1984. Building materials and fabricated metals are expected to show the most significant rebound next year while the machinery industry will only register moderate gains in 1983. In 1984, possible additions to payrolls in order to produce the C-5B should cause transportation equipment to lead the economic rebound.

Ordinarily, economic expansion should be encouraged by significant gains in construction activity. While residential activity is expected to show modest gains in 1983 and to preserve those gains in 1984, declines in public construction and a downtrend in non-residential construction beginning in the latter part of 1983 are expected to restrain any expansion in construction. Other sectors that are expected to react slowly to improving economic conditions are transportation, wholesale trade, and government. Layoffs were unusually mild in airline services because of the development of the new mid-field terminal. Rehiring should be weak as the slow recovery develops. Sharp inventory reductions will continue to limit the expansion in wholesale trade, at least until expanding retail activity begins to entice growth in the wholesale area. Continued problems in state and local budgets and reductions at the federal level should restrain the growth of government employment.

On the other hand, retail trade should show strong growth while significant gains that have already developed in the finance sector should persist into the recovery. Some slowing in the growth of private services is anticipated in the next recovery (the demand for accountants and lawyers probably will not as intense as in the 1970s), but significant growth should continue in that sector as well.

Tax cuts unquestionably will be increasing consumer spending power in Georgia in 1982 and 1983, but these gains will be partially offset by continuing slow growth in farm income and the gradual reduction in unemployment compensation benefits as the economy recovers. Also, the growth in transfer payments should slow significantly, not only because a slowing of inflationary pressures will reduce the inflation adjustments on those transfer payment, but also because continuous budgetary problems at the federal level will continue to restrain federal support for transfer programs. Also, declining inflation rates are expected to moderately reduce interest rates in 1983 and 1984. This should result in a sharp slowdown in the growth of property income.

While tax cuts undoubtedly will encourage the consumer sector to grow more significantly than the investment sector, at least in the early phases of the recovery, slowing in these other components of personal income will partially moderate the strength of consumer activity. Not withstanding these qualifications, real disposable income in Georgia will probably be expanding nearly 4% in

1982. The rate of increase in disposable income during 1983 will be almost as significant. Only in 1984 will rising inflationary pressure and the absence of further tax reductions lead to a slowing of disposable income to less than 2%.

The sawtooth pattern followed by Georgia early in this recovery has increased consumer and investor apprehensions. Fortunately, Georgia corporations are handling the liquidity pressures more favorable than in most other parts of the country. Georgia wage earners have not been so lucky. In the first six months of 1982 employment has been falling as rapidly in Georgia as in the nation. In 1983 increased consumer activity, a recovery in durable manufacturing, and some gains in residential construction should finally generate a reasonable degree of economic expansion.

Employment Grows During Atlanta's Recession

Manufacturing, construction, and wholesale trade all experienced recession in Atlanta in 1982. By June, 500 jobs had been lost relative to a year ago. Although most of the weakness was in durable manufacturing, some permanent damage was inflicted in nondurable production. Indeed, transportation equipment experienced most of the job weakness in durable manufacturing. When automobile sales improve, or if the C-5B becomes reality, this sector will become one of the more prominent growth sectors. Building materials have demonstrated weakness, while fabricated metals and electrical equipment also have been marginally impacted by the recession. In all circumstances, with the exception of stone, clay and glass, peak levels of employment are expected to be regained soon after recovery begins.

In nondurables, however, the payroll reductions in cotton weaving mills will never be regained. Payrolls may also be permanently lowered for women's and children's clothing. Thus, the recession has done some damage to the manufacturing structure of Atlanta.

Given the magnitude of the national recession and the difficulties with rising interest rates, contract construction has performed admirably in holding its losses to 1100 jobs over the past year. Payrolls have actually grown substantially in retail trade and private services. However, a large decline in state and local payrolls currently is responsible for the temporary dip in Atlanta's employment. For the year, Atlanta is still expected to create 7100 jobs, a 0.7% increase from the previous year.

Overbuilding continues to be a subject of concern in the Atlanta economy. Some estimates of vacancy rates in the downtown area approach 27% upon the completion of the Georgia Pacific and Marathon buildings. Absorption of new office space in the perimeter appears to be falling a million square feet short of current construction rates. Press accounts indicated that significant price concessions are being offered in the form of free rent or leasing renovation to entice tenants. However, the standard rental rates, which average nearly $18 per square foot both in town and on the perimeter, have not been reduced. (Some price concessions have been offered for leases in the Marathon property, but they are being presented as alternative leasing arrangements.) Because some of this property is still under construction, the Coldwell Banker Vacancy Index declined from 15.4% in March to 15.2% in June. This was a significant deviation

from the national trend, where vacancies rose from 5.4% in March to a five-year high of 7.0% in June. Atlanta also experienced some improvement in the industrial vacancy index, which fell from 2.8% in March to 2.6% in June. Again, the national trend was in the reverse direction, with vacancies rising from 3.8% to 4.2%. The Adams-Cates Index shows available square footage of warehousing actually declining slightly to 9 million square feet in recent estimates. These figures show that overbuilding is still more a worry than a reality, but the magnitude of space becoming available suggests that significant increases in those indices are probable in the next reporting periods.

Most of the statistics on activity at lending institutions were significantly different in Atlanta than elsewhere. For example, savings capital continued to grow rapidly, expanding 3.2% in the last three months. Mortgages outstanding increased 0.7% while commitments for future mortgages rose a sharp 46.1%. Unfortunately, the most important statistic, change in net worth, was not significantly different in Atlanta than elsewhere. Net worth declined 8.0% in Atlanta institutions.

Single family housing permits showed surprising strength during the spring, rising 15.9% from a year ago to 3708. As a result, total permits during the quarter expanded 4.3% from previous year levels. Multi-family permits expanded more slowly than in the first quarter, but still managed to grow 7.9% to 1638 from 1518 at year ago. Condominiums no longer are as desirable as in the past, with permits expanding only 332 in the spring as compared with 727 a year ago. In the month of June, single family permits were up 37.5%. This led to an increase in total permits of 97.5% from the previous June. This contrasts with significant declines in permit activity from a year ago levels nationwide. Housing activity is becoming much more concentrated in the metro Atlanta area than in previous quarters. Fulton County continued to show expansion that appears to be excessive for current population requirements with a gain of 1426 units during the quarter. Single family permits were 606 versus 634 a year ago, while mulit-family units were 820 versus 745. The 928 single family permits in Cobb County during the quarter was comparable to 942 a year ago, but the 393 multi-family units fell far short of the 1000 permitted a year ago. DeKalb showed the most surprising strength, however, as single family units expanded by 565 as compared to 522 in 1981. Multi-family units surged by 718 as compared to 404 a year ago. Gwinnett County showed significant slowing of single family units permitted at 913 in the quarter versus 1325 a year ago. Mulit-family units were 431 vs 650 a year ago. All the smaller counties showed significant difficulty in achieving previous year levels. Cherokee continued to show the most activity with 205 housing permits as opposed to 279 a year ago. Permits in Rockdale were only 85 for single family units versus 129 a year ago but they also added 33 multi- units. Henry showed a sharp slowing with 77 single family permits versus 156 a year ago. Slowing was also obvious in Forsyth with 80 single family permits versus 129 a year ago. Clayton contnued to struggle with 155 single family permits versus 285 a year ago, although multi-family permits rose to 8 during the quarter. Although evidence on vacancy rates is difficult to develop, they appear to have dropped modestly in the first half of this year. With permits running about 16000 in the first half of the year, this suggests that household activity may be growing about 17000 in 1982, a significant increase from the apparent growth in 1981. Absorption rates are expected to remain at the 16000 level through the remainder of 1982 and then accelerate to the 19000 vicinity in 1983 and to 22000 in 1984.

The following table reveals current anticipations of single and multi-family permits for leading counties of the metro area:

	1981		1982		1983		1984	
County	single	multi	single	multi	single	multi	single	multi
Cherokee	620	101	645	25	710	100	790	140
Clayton	509	0	340	30	375	75	400	150
Cobb	2283	1156	2780	950	3360	1150	3725	1250
DeKalb	1270	622	1630	1350	1750	1250	1700	1400
Forsyth	303	6	270	20	310	30	350	40
Fulton	1476	2247	1625	2725	1700	3000	1650	3250
Gwinett	2817	1501	2610	850	2920	1130	3440	1350
Henry	336	6	275	10	315	20	340	30
Rockdale	267	4	195	120	240	100	260	70
Total	9881	5643	10370	6080	11680	6855	12655	7680

(Totals include estimates for Woodstock, Snellville, Lawrenceville, Roswell, and include only those areas covered by the Home Builders Association of Metro Atlanta.)

Although employment figures indicate that retail activity is stronger in metro Atlanta than state-wide, taxable sales during the first quarter showed similarly dismal gains for Georgia and Atlanta. In Atlanta, taxable sales were up only 2.9% from previous year levels, the smallest gain since the third quarter of 1975. Taxable sales in Fulton County were 1.4% above previous year levels. Sales in Cobb slowed from an 11.8% gain in the fourth quarter to a 4.5% gain in the first quarter while DeKalb slowed from 10.1% to 2.9%. After slowing in the fourth quarter to only a 5.6% gain, Gwinnett was able to grow slightly more rapidly at 6% in the first quarter. Cherokee experienced a similar growth pattern. If this weakness in taxable sales continues, the current growth in retail payrolls cannot be sustained.

Atlanta certainly is experiencing some difficulty in its manufacturing, non-residential construction, and trade areas. Because of possible overbuilding in offices, contract construction is expected to show unusually modest gains in the next two years despite sustained expansion in residential activity. Similarly, the reduced growth in taxable sales suggests that trade payrolls may expand modestly in the next recovery. Coupled with slugglish gains in government payrolls, these conditions might lead to slugglish economic activity.

Fortunately, a rebound in durable manufacturing, aided by the beginning of expansion in transportation equipment, and continued growth in the service and

financial sectors should generate a more normal degree of economic expansion. In 1983 Atlanta should be able to add nearly 24,000 jobs. In 1984, the job expansion will approach 29,000. These are not dramatic gains in terms of economic recoveries, but they are impressive considering the insignificance that shifts in inventories have upon employment prospects in the Atlanta economy.

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1982

Table 1

Georgia Wage & Salary Employment for 1981 With Forecasts for 1982 Through 1984

Industry	1981	1982	1983	1984	80-81	81-82	82-83	83-84
1. Mining	7.8	7.8	7.9	8.0	0.0	0.0	1.3	1.3
2. Contract Construction	102.4	100.4	102.7	104.1	-2.7	-2.0	2.3	1.4
3. Manufacturing	519.9	499.4	510.5	522.3	0.1	-3.9	2.2	2.3
Durables:	182.9	176.1	180.3	187.1	1.0	-3.7	2.4	3.8
Lumber	28.7	27.8	28.5	29.4	-0.7	-3.1	2.5	3.2
Furniture	9.3	9.2	9.5	9.7	-1.1	-1.1	3.3	2.1
Stone, Clay, Glass	16.7	16.0	16.6	17.0	-5.6	-4.2	3.8	2.4
Primary Metals	17.6	16.6	17.0	17.5	6.7	-5.7	2.4	2.9
Fabricated Metals	20.0	18.7	19.5	20.3	4.3	-6.5	4.3	4.1
Nonelectrical Machinery	22.5	21.1	21.3	22.0	0.9	-6.2	1.4	3.3
Electrical Machinery	21.9	21.5	22.0	22.9	7.9	-1.8	2.3	4.1
Transportation Equipment	35.7	35.5	36.1	37.9	5.3	-0.6	1.7	5.0
Other Durables	10.4	9.7	9.8	10.4	-6.3	-6.7	1.0	6.1
Nondurables:	337.1	323.3	330.2	335.2	-0.4	-4.1	2.1	1.5
Food	59.7	59.8	60.4	61.1	0.7	0.2	1.0	1.2
Textiles	113.7	103.7	107.5	109.2	-3.3	-8.8	3.7	1.6
Apparel	71.1	69.7	70.8	71.6	-1.7	-2.0	1.6	1.1
Paper	28.9	28.3	28.8	29.2	1.8	-2.1	1.8	1.4
Printing	24.1	23.7	23.9	24.3	3.0	-1.7	0.8	1.7
Chemicals	17.4	17.2	17.6	17.9	3.0	-1.1	2.3	1.7
Leather	2.4	2.1	2.1	2.0	4.3	-12.5	0.0	-4.8
Other Nondurables	19.9	18.8	19.1	19.9	9.9	-5.5	1.6	4.2
4. Transportation, Comm. & Utilities	143.6	142.7	143.5	146.3	2.3	-0.6	0.6	2.0
5. Trade:	503.1	500.7	510.0	520.8	0.7	-0.5	1.9	2.1
Wholesale	159.8	157.5	158.6	160.6	1.5	-1.4	0.7	1.3
Retail	343.3	343.2	351.4	360.2	0.3	-0.0	2.4	2.5
6. Finance, Ins. & Real Estate	113.7	115.9	118.9	122.4	1.4	1.9	2.6	2.9
7. Services	358.5	365.4	373.6	385.4	3.7	1.9	2.2	3.2
8. Government:	434.1	433.2	435.0	439.0	1.1	-0.2	0.4	0.9
Federal	87.5	89.2	88.9	90.5	2.2	1.9	-0.3	1.8
State & Local	346.6	344.0	346.1	348.5	0.8	-0.8	0.6	0.7
Total Wage & Salary Employment	2183.1	2165.5	2202.1	2248.3	1.1	-0.8	1.7	2.1

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Table 2 Georgia Personal Income for 1981 With Forecasts for 1982 Through 1984
(Revised, Millions of Dollars)

	1981	1982	1983	1984	80-81	81-82	82-83	83-84
Labor & Proprietors' Income:								
1. Wage & Salary Income	33095	35802	39502	43627	12.5	8.2	10.3	10.4
2. Other Labor Income	3256	3552	3925	4353	14.7	9.1	10.5	10.9
3. Proprietors' Income:	2842	2816	3227	3462	16.1	-0.9	14.6	7.3
Farm	316	300	495	571	409.7	-5.1	65.0	15.4
Nonfarm	2526	2516	2732	2891	5.9	-0.4	8.6	5.8
Labor & Proprietors' Income:								
1. Farm	547	565	789	895	97.5	3.3	39.6	13.4
2. Mining	162	183	204	226	9.5	13.0	11.4	11.0
3. Contract Construction	2037	2196	2429	2664	10.0	7.8	10.6	9.7
4. Manufacturing:	9323	9479	10547	11652	13.4	1.7	11.3	10.5
Durables	3912	4014	4475	5003	15.0	2.6	11.5	11.8
Nondurables	5411	5465	6072	6649	12.3	1.0	11.1	9.5
5. Transportation & Utilities	3913	4284	4695	5179	12.9	9.5	9.6	10.3
6. Trade:	7629	8182	8997	9879	11.7	7.2	10.0	9.8
Wholesale	3683	3965	4354	4767	11.8	7.7	9.8	9.5
Retail	3946	4217	4643	5112	11.6	6.9	10.1	10.1
7. Finance, Ins. & Real Estate	2271	2479	2774	3087	11.3	9.2	11.9	11.3
8. Services	5965	6703	7514	8453	14.0	12.4	12.1	12.5
9. Other Industries	146	156	165	176	9.0	6.8	5.8	6.7
10. Government:	7200	7943	8540	9231	10.7	10.3	7.5	8.1
Federal Civilian	1839	2069	2187	2347	12.4	12.5	5.7	7.3
Federal Military	1045	1209	1329	1443	11.8	15.7	9.9	8.6
State & Local	4315	4665	5024	5441	9.7	8.1	7.7	8.3
Plus:								
Property Income	6343	7183	7865	8581	17.2	13.2	9.5	9.1
State U.I. Benefits	182	288	241	192	-5.7	58.2	-16.3	-20.3
Other Transfers	6578	7301	7863	8453	15.5	11.0	7.7	7.5
Residence Adjustment	-113	-110	-119	-125	-	-	-	
Less: Social Ins. Contributions	2241	2470	2762	3098	20.4	10.2	11.8	12.1
Equals: Total Personal Income	49942	54362	59742	65445	13.4	8.9	9.9	9.5
Nonfarm Personal Income	49395	53797	58953	64550	12.9	8.9	9.6	9.5
% of U.S. Nonfarm	2.08	2.08	2.10	2.11	-	-	-	

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Table 3 Atlanta SMSA Wage and Salary Employment for 1981 With Forecasts for 1982 Through 1984
(Thousands)

Industry	1981	1982	1983	1984	80-81	81-82	82-83	83-84
1. Contract Construction	45.5	44.8	45.9	46.4	-2.2	-1.6	2.5	1.1
2. Manufacturing	146.1	142.5	147.2	153.1	1.5	-2.5	3.3	4.0
Durables:	73.9	72.4	75.7	79.5	3.2	-2.0	4.6	5.0
Lumber	2.9	2.8	3.2	3.3	-6.5	-4.3	14.3	3.1
Furniture	3.7	3.8	4.0	4.2	2.8	2.7	5.3	5.0
Stone, Clay, Glass	7.0	6.5	6.7	6.9	-4.1	-7.1	3.1	3.0
Primary Metals	5.2	5.5	5.8	6.0	4.0	5.8	5.5	3.4
Fabricated Metals	7.9	7.6	7.8	8.1	0.0	-3.8	2.6	3.8
Nonelectrical Machinery	8.3	8.6	8.8	9.4	9.2	3.6	2.3	6.8
Electrical Machinery	11.0	10.7	10.9	11.4	6.8	-2.7	1.9	4.6
Transportation Equipment	24.3	23.5	24.9	26.2	4.3	-3.3	6.0	5.2
Other Durables	3.5	3.4	3.6	4.0	-2.8	-2.9	5.9	11.1
Nondurables:	72.2	70.1	71.5	73.6	-0.1	-2.9	2.0	2.9
Food	19.1	19.3	19.6	19.9	0.0	1.0	1.6	1.5
Textiles	6.3	5.2	5.0	5.2	-12.5	-17.5	-3.8	4.0
Apparel	9.0	8.6	8.8	9.1	-7.2	-4.4	2.3	3.4
Paper	8.5	8.0	8.4	8.7	7.6	-5.9	5.0	3.6
Printing	15.8	15.6	15.8	16.2	2.6	-1.3	1.3	2.5
Chemicals	7.6	7.2	7.4	7.6	4.1	-5.3	2.8	2.7
Other Nondurables	6.0	6.2	6.5	6.9	5.3	3.3	4.8	6.2
3. Transportation, Comm. & Utilities	89.1	89.6	90.3	92.4	3.8	0.6	0.8	2.3
4. Trade:	269.7	274.7	282.2	291.0	1.5	1.9	2.7	3.1
Wholesale	104.2	104.0	104.3	105.8	2.9	-0.2	0.3	1.4
Retail	165.5	170.7	177.9	185.2	0.7	3.1	4.2	4.1
5. Finance, Ins. and Real Estate	67.6	68.4	70.6	73.1	0.3	1.2	3.2	3.5
6. Services	208.7	216.7	223.0	230.2	4.7	3.8	2.9	3.2
7. Government:	162.3	159.6	161.0	162.8	1.6	-1.7	0.9	1.1
Federal	35.8	36.1	35.9	35.8	5.3	0.8	-0.6	-0.3
State & Local	126.5	123.5	125.1	127.0	0.6	-2.4	1.3	1.5
Total Wage & Salary Employment	989.2	996.3	1020.2	1049.0	2.1	0.7	2.4	2.8

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Table 4 Atlanta SMSA Personal Income with Estimates for 1981 and Forecasts for 1982-1984
(Revised) (Millions of Dollars)

	1981	1982	1983	1984	80-81	81-82	82-83	83-84
Labor & Proprietors' Income:								
1. Wage & Salary Income	16778	18379	20419	22661	13.3	9.5	11.1	11.0
2. Other Labor Income	1683	1873	2089	2337	15.6	11.3	11.5	11.9
3. Proprietors' Income:	1194	1194	1276	1365	7.6	0.0	6.9	7.0
Farm	23	19	20	18	-	-	-	-
Nonfarm	1171	1175	1256	1347	7.3	0.4	6.9	7.2
Labor & Proprietors' Income:								
1. Farm	35	33	36	37	20.7	-5.7	9.1	2.8
2. Mining	19	21	23	24	5.5	10.6	7.5	5.9
3. Contract Construction	1036	1112	1232	1348	10.5	7.3	10.8	9.4
4. Manufacturing:	3251	3363	3786	4246	15.2	3.4	12.6	12.2
Durables	1907	1989	2261	2555	17.2	4.3	13.7	13.0
Nondurables	1344	1374	1525	1691	12.6	2.2	11.0	10.9
5. Transportation & Utilities	2637	2919	3205	3545	14.4	10.7	9.8	10.6
6. Trade:	4792	5240	5788	6396	12.1	9.3	10.5	10.5
Wholesale	2786	3034	3319	3638	13.2	8.9	9.4	9.6
Retail	2006	2206	2469	2758	10.7	10.0	11.9	11.7
7. Finance, Ins. & Real Estate	1494	1621	1824	2041	10.2	8.5	12.5	11.9
8. Services	3639	4159	4691	5278	15.0	14.3	12.8	12.5
9. Other Industries	32	34	36	39	10.3	6.3	5.9	8.3
10. Government:	2720	2944	3163	3409	11.4	8.2	7.4	7.8
Federal Civilian	859	957	1009	1061	15.5	11.4	5.4	5.2
Federal Military	94	105	114	122	10.7	11.5	8.6	7.5
State & Local	1767	1882	2040	2026	9.5	6.5	8.4	9.1
Plus:								
Property Income	2929	3324	3636	3964	17.9	13.5	9.4	9.0
Transfer Payments	2247	2512	2693	2882	14.0	11.8	7.2	7.0
Residence Adjustment	-578	-575	-614	-631	-	-	-	-
Less: Social Ins. Contributions	1127	1258	1416	1596	21.2	11.6	12.6	12.7
Equals: Total Personal Income	23126	25449	28083	31312	13.7	10.0	10.4	11.5
Nonfarm Personal Income	23091	25416	28047	31275	13.7	10.1	10.4	11.5
% of Georgia Nonfarm	46.75	47.24	47.58	48.45	-	-	-	-
Population (#)	2076	2113	2146	2188	2.01	1.79	15.5	19.8

*Earnings on a residence basis

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Table 5 Seasonally Adjusted Nonagricultural Employment
(Thousands)

	Georgia						Atlanta					
	81-2	81-3	81-4	82-1	82-2(P)	June (P)	81-2	81-3	81-4	82-1	82-2(P)	June (P)
Total	2184.7	2182.0	2174.4	2174.9	2157.2	2148.5	991.5	985.7	989.8	996.8	994.0	989.2
Mining	7.7	7.8	7.9	7.9	7.8	7.7	---	---	---	---	---	---
Contract Construction	102.9	100.2	100.5	103.2	99.4	96.3	46.2	43.8	44.4	46.4	44.2	44.1
Manufacturing	523.6	522.5	515.0	504.2	496.5	492.7	147.1	144.5	146.7	144.3	141.3	140.8
Durables:	184.6	183.7	180.7	177.2	174.7	174.5	75.1	72.9	73.6	73.2	71.5	71.8
Lumber	29.2	28.9	27.8	27.5	27.4	27.9	2.9	2.9	2.9	2.7	2.6	2.6
Furniture	9.4	9.7	9.5	9.2	9.3	9.2	3.9	3.8	3.6	3.9	3.9	3.8
Stone, Clay, Glass	16.9	16.6	16.3	16.1	15.8	16.0	7.2	6.8	6.7	6.6	6.4	6.5
Primary Metals	17.7	17.9	17.5	16.6	16.3	16.3	5.1	5.4	5.5	5.6	5.5	5.4
Fabicated Metals	20.3	20.3	19.6	19.3	18.3	18.0	7.9	7.9	8.0	7.8	7.5	7.5
Nonelectrical Machinery	22.8	22.5	21.9	21.2	21.4	21.0	8.4	8.5	8.3	8.2	8.8	8.7
Electrical Machinery	21.9	22.3	22.0	21.9	21.5	21.4	11.0	11.1	11.0	10.9	10.7	10.7
Transportation Equipment	37.1	34.9	36.0	35.6	35.0	35.1	25.2	22.9	24.4	24.2	22.7	23.1
Other Durables	9.4	10.6	10.2	9.8	9.7	9.6	3.6	3.6	3.2	3.3	3.4	3.5
Nondurables:	338.2	339.3	333.1	327.0	321.8	318.2	71.8	71.9	72.8	71.1	69.8	69.0
Food	59.6	59.8	59.9	59.8	59.8	59.5	19.1	18.8	19.6	19.4	19.2	19.2
Textiles	114.5	114.5	110.3	105.4	102.8	101.1	6.3	6.0	6.0	5.6	5.0	4.9
Apparel	71.1	71.3	70.8	70.7	69.6	68.9	9.0	9.0	8.8	8.6	8.7	8.5
Paper	29.1	29.1	28.8	28.5	28.1	27.7	8.6	8.7	8.4	8.2	7.9	7.9
Printing	24.0	24.0	24.1	23.8	23.7	23.5	15.6	15.8	16.1	15.8	15.6	15.3
Chemicals	17.4	17.5	17.5	17.5	17.0	16.8	7.5	7.6	7.7	7.4	7.2	7.1
Leather	2.5	2.4	2.4	2.1	2.1	2.1	---	---	---	---	---	---
Other Nondurables	20.0	20.6	19.4	19.2	18.7	18.6	5.7	6.1	6.3	6.1	6.2	6.1
Transportation, Comm. & Util.	144.4	142.6	143.4	143.1	142.5	142.4	89.5	89.2	89.2	88.9	89.5	89.6
Trade:	503.6	502.2	499.8	501.0	500.1	498.0	270.2	269.9	268.8	272.1	274.9	274.2
Wholesale	160.3	159.8	159.5	158.6	157.4	157.0	104.2	104.7	105.0	104.8	104.0	103.7
Retail	343.5	342.3	340.7	342.4	342.7	341.0	166.2	165.1	163.8	167.3	170.9	170.5
Finance, Ins. & Real Estate	113.6	113.2	113.9	115.2	115.7	115.6	67.7	67.1	67.4	68.2	68.2	68.2
Services	356.5	358.9	361.6	366.1	363.5	362.5	207.2	209.0	211.5	216.9	215.8	214.7
Government:	432.4	434.6	432.3	434.2	431.7	433.3	163.6	162.3	161.8	160.0	160.1	157.6
Federal	87.2	88.1	88.8	90.3	88.8	88.8	36.4	35.9	35.9	36.0	36.4	35.9
State & Local	344.9	347.4	343.3	343.9	342.9	344.5	127.4	126.4	126.0	124.0	123.7	121.7

Note: (P) Preliminary

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Table 6 Atlanta SMSA in 1987

	Employment 1981	1987	% Change	Annual Rate	Previous Annual Rate
Mining					
Construction	45.5	53.5	17.6	2.7	2.6
Manufacturing	146.1	176.2	20.6	3.2	2.7
Durables:	73.9	97.3	31.6	4.7	3.4
Lumber	2.9	3.7	27.5	4.1	3.9
Furniture	3.7	4.6	24.3	3.7	3.6
Stone, Clay, Glass	7.0	7.5	7.1	1.2	3.0
Primary Metals	5.2	6.7	28.3	4.2	3.1
Fabricated Metals	7.9	8.6	8.9	1.4	2.2
Nonelectrical Machinery	8.3	10.6	28.3	4.2	2.7
Electrical Machinery	11.0	13.6	23.6	3.6	4.6
Transportation Equipment	24.3	32.6	34.2	5.0	3.5
Other Durables	3.5	4.7	33.4	4.9	3.9
Nondurables:	72.2	78.9	9.3	1.5	1.9
Food	19.1	20.7	8.6	1.4	1.1
Textiles	6.3	5.3	-15.9	-2.8	-0.5
Apparel	9.0	9.4	4.4	0.7	1.3
Paper	8.5	9.5	11.8	1.9	3.7
Printing	15.8	17.5	10.8	1.7	2.0
Chemicals	7.6	8.3	9.2	1.5	1.8
Other Nondurables	6.0	8.2	36.7	5.3	4.9
Transportation, Comm. & Utilities	89.1	103.9	16.7	2.6	2.3
Trade:	269.7	313.1	16.1	2.5	1.8
Wholesale	104.2	116.6	11.9	1.9	1.8
Retail	165.5	196.5	18.7	2.9	1.7
Finance, Ins. & Real Estate	67.6	79.8	18.0	2.8	3.1
Services	208.7	253.9	21.7	3.3	3.7
Government:	162.3	173.1	6.7	1.1	1.9
Federal	35.8	37.2	3.9	0.6	-0.4
State & Local	126.5	135.9	7.4	1.2	2.5
Total Wage & Salary	989.2	1153.5	16.6	2.6	2.5
Population	207.6	230.6	11.1	1.77	1.62

*Assumes C-5B

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Table 7

Atlanta SMSA in 1987
Personal Income*

	1981	1987	% Change	Annual Rate	Previous Estimated Growth Path
Labor & Proprietors' Income :					
1. Wage & Salary Income	16778	31296	86.5	10.9	10.8
2. Other Labor Income	1683	3423	103.4	12.6	13.7
3. Proprietors' Income:	1194	1653	38.4	5.6	9.6
Farm	23	15	-34.8	-6.9	3.1
NonFarm	1171	1638	39.9	5.8	9.7
Labor & Proprietors' Income:					
1. Farm	35	41	17.1	2.7	7.2
2. Mining	19	30	59.6	8.1	8.1
3. Contract Construction	1036	1979	91.0	11.4	10.4
4. Manufacturing:	3251	6338	95.0	11.8	11.6
Durables	1907	4031	111.4	13.3	10.2
Nondurables	1344	2307	71.6	9.4	12.6
5. Transportation, Comm. & Utilities	2637	5018	90.3	11.3	11.9
6. Trade:	4792	8572	78.9	10.2	10.0
Wholesale	2786	4977	78.6	10.2	9.9
Retail	2006	3595	79.2	10.2	10.2
7. Finance, Insurance & Real Estate	1494	2814	88.4	11.1	13.0
8. Services	3639	7214	98.2	12.1	12.2
9. Other Industries	32	48	48.5	6.8	5.1
10. Government:	2720	4318	58.8	8.0	8.5
Federal Civilian	859	1263	47.0	6.6	6.0
Federal Military	94	158	68.4	9.1	11.1
State & Local	1767	2897	63.9	8.6	9.5
Plus:					
Property Income	2929	5365	83.2	10.6	12.9
Transfer Payments	2247	3696	64.5	8.7	10.3
Residence Adjustment	-578	-789	-	-	-
Less: Social Ins. Contributions	1127	2465	118.7	13.9	14.5
Equals: Total Personal Income	23126	42179	82.4	10.5	11.1
Real Personal Income	8471	10012	18.2	2.8	2.4
Atlanta CPI*	273.0	421.3	54.3	7.5	8.5

* Assuming CPI rises 7.5% per year, adjusted to reflect differences from national purchasing power, and to eliminate CPI bias.

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